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NEWS SUMMARY

GENERAL

Forces' pay goes up 8.3%

The armed forces will get further pay rises averaging 8.3 per cent, backdated to April 1. It brings the total forces' pay increase to 32.5 per cent.

This honours the Conservatives' election pledge that forces' pay would be brought up to comparable levels with civilian life as soon as possible.

The Government said it hoped the additional money would stop "the damaging outflow of experienced and skilled officers and men." Back Page

Murder plan discussed—QC

Jeremy Thorpe, former Liberal Party leader, suggested killing male model Norman Scott and disposing of his body down a tin mine, it was alleged at the Old Bailey.

It was the third day of the trial of Thorpe and three other men who deny conspiring to murder Scott. Peter Taylor QC, prosecuting, said the murder idea was discussed by Thorpe and his friend Peter Bessell at a meeting in the House of Commons in December 1968.

Jobs freeze

Customs and Excise has frozen all staff recruitment because of the cost of the recent Civil Service pay settlement. Union leaders see the move as the first indication of the new Government's determination to reduce the number of public sector workers. Back Page

IRA report leak

The Ministry of Defence is investigating how a highly sensitive intelligence report reached the Provisional IRA. A photocopy of the report, with two Defence Ministry memoranda, was shown to a Press Association reporter. Back Page

SALT welcome

The Soviet Union ended an 18-hour silence on the Strategic Arms Limitation Treaty and, in an overseas broadcast, praised the agreement as an important step towards curbing the nuclear arms race. Page 2 and 23; Editorial comment, Page 23

Autonomy talks

Negotiations between Egypt and Israel on the shape of autonomy for Palestinians in occupied Arab territories will start in Beersheba on May 27, Israeli officials said.

John Bloom claim

John Bloom, founder of the Rolls Razor washing machine company, faces a claim in the London Bankruptcy Court for £172,000 made by the liquidator of Rolls Razor.

Education plea

Bolton became the first education authority to ask the new Government to cancel plans for fully comprehensive secondary education. Page 6

Arms plant blasts

Palestinian guerrillas claimed to have killed or wounded at least 50 Israelis, including military experts, in a time bomb attack on an arms factory near Tel Aviv.

Briefly ...

Prince Andrew, aged 19, is to join the Royal Navy as a trainee helicopter pilot.

Sir Harold Wilson has had his personal police bodyguard restored. He recently lost his Special Branch protection through a misunderstanding.

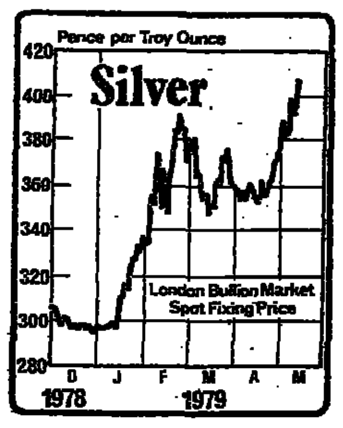
Prisoner was killed and 13 were injured during a riot at Madrid's Carabanchel jail.

BUSINESS

Silver at new high; Gold up $4¾

● GOLD rose sharply in London to close $4¾ up at $252⅞.

● SILVER rose sharply on the increase in gold and an upsurge in U.S. buying interest to close at a new high of 410p.



Platinums also soared to by £7.65 to £208.25, and rose to the record level of $427.50 in dollar terms.

● STERLING fell 1.80c on concern at the latest economic figures to close at $2.0495, and its trade-weighted index dropped to 66.4 (66.7). The dollar's rose to 86.0 (85.7).

● WALL STREET was 5.98 up at 832.64 near the close.

● EQUITIES continued to fall on post-election doubts, and the FT 30-share index fell 6.2 to close at 532.7.

● GILTS remained weak with falls to 1 in shorts ... longs. The Government Securities index dropped 0.72 to 73.82.

● NEW YORK Governor Hugh Carey and the State's banking superintendent, Muriel Siebert, appear to be heading for a clash over the acquisition by the Hongkong and Shanghai Bank of Marine Midland. Back Page

● BANKS involved in the rescue of Societa Italiana Resine, the Italian chemical group, have agreed to form a consortium to launch its recovery. Page 32

● GOVERNMENT "interventionism" in the UK economy, particularly in industrial policy, has been attacked by former Trade Secretary Mr. Edmund Dell. Page 6; Editorial comment Page 22

● BORROWING by central Government last month was nearly three times as much as in April last year, according to official spending and revenue figures. Page 5

● IMPORTS will take about 55 per cent of the UK new car market this year against 49 per cent in 1978, according to the Society of Motor Manufacturers and Traders. But importers believe the Japanese share will be lower than last year. Pages 4 and 6

● WESTINGHOUSE ELECTRIC, the U.S. nuclear plant manufacturer, is to use a new UK chemical process for making nuclear fuel for its reactors. Page 4

● TRADERS have blamed the rapid rise in hide prices in the UK this week on the severe reduction in Irish cattle slaughterings. Page 35

● POST OFFICE workers union appeared to have moved closer to a pay settlement. The Post Office said it may suffer a net financial loss on telephone bills not sent because of strikes by computer staff. Page 13

● LLOYDS AND SCOTTISH, the finance group, reported pre-tax profits of £12.26m for the six months to March 31, 1979, against £12.62m for the same period last year. Page 25 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Fuller Smith Turner	375	+ 15
Furness Withy	298	+ 17
Graig Shipping A	230	+ 20
House of Fraser	195	+ 3
Manchester Liners	240	+ 10
Milletts Leisure	172	+ 8
Rush and Tompkins	152	+ 10
Scottish Merc A	120	+ 11
Slingsby (H. C.)	56	+ 5
Harmony	348	+ 18
Kloof Gold	720	+ 28
Middle Wits	285	+ 10
Randfontein Ests.	£28¼	+ 1½
Union Corp.	378	+ 10
Westfield Minerals	235	+ 20
FALLS		
Excheq. 8¾pc '83	£93⅛	− ⅞
Treas. 13¼pc '97	£112⅛	− 1¼
Appleyard	97	− 6
Assd. Dairies	285	− 8
BPM A	78	− 4
Boots	220	− 6
Brocks Group	152	− 12
Brown (J.)	573	− 12
Burton A	312	− 8
Cartiers	127	− 14
Commercial Union	174	− 7
Davenports' Brew.	117	− 15
Intnl. Thomson	404	− 10
Land Secs.	304	− 7
Lloyds and Scottish	127	− 15
Lonrho	76	− 3
Marshall's Universal	152	− 8
Royal Insurance	400	− 22
Sainsbury (J.)	338	− 7
Sun Alliance	650	− 20

Thatcher committed to EEC but will defend UK interests

BY RICHARD EVANS, LOBBY EDITOR

Mrs. Margaret Thatcher emphasised last night the Government's overriding commitment to membership of the European Community, but set out to dispel any idea that Britain would be a "soft touch" in future negotiations.

The Prime Minister, in her first major policy speech, gave notice that the new Government, like the Callaghan administration, wanted changes in several areas where anomalies had developed, and where it was considered that Britain's burden was now too great.

"We shall judge what British interests are, and we shall be resolute in defending them," she said at a Downing Street dinner in honour of Chancellor Helmut Schmidt of West Germany.

But the underlying theme of her speech was that Britain's purpose was to engage fully and actively with her partners in developing the Community.

"This approach will underlie all our dealings . . . we shall want to narrow areas of disagreement, not to enlarge them; to solve disputes, not to sharpen them."

The two areas mentioned by the Premier where renegotiation was needed were fisheries policy, where an agreement must "take our special position into account," and the Common Agricultural Policy. There was no mention of Britain's role as largest contributor to the Community Budget.

On CAP Mrs. Thatcher said that it was bad for the UK if the Community spent a large part of its resources storing and disposing of unwanted agricultural surpluses, and it was "unacceptable" to the UK to pay the lion's share of the enormous costs of this operation.

She insisted that there would not be the "grudging acquiescence" in Community membership of the previous Government. Mrs. Thatcher believed that this new approach was not only right for Europe, but right for Britain as well.

The tone of her speech was interesting in the context of the forthcoming direct elections for the European Parliament on June 7.

Mrs. Thatcher was clearly anxious to show that the Tories as well as Labour were willing to take on the Common Market on issues that affected British interests directly.

The Prime Minister's fundamental argument was that if policies were working badly this would show up in the form of unfair consequences for one member or another.

"When this happens, to put policies right is not just an act of charity or of justice. It is essential for the health and well-being of the Community as a whole."

She warned Herr Schmidt and other EEC leaders to ignore the claims of Labour politicians during the election campaign that Britain would be "a soft touch" under a Conservative administration. Her firm advice was to dismiss such "rumours."

Before last night's dinner Mrs. Thatcher and Lord Carrington, the Foreign Secretary, held an hour's talks at No. 10 with Herr Schmidt and Herr Hans-Dietrich Genscher, West German Foreign Minister. Herr Schmidt will fly back to Bonn tonight.

Sir Geoffrey Howe, Chancellor of the Exchequer, and Herr Hans Matthoefer, West German

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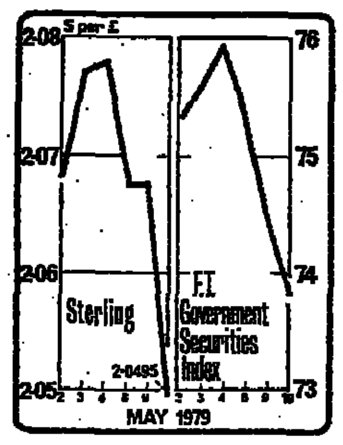
Lombard Page 20

BENN 'NO' TO SHADOW JOB

The contest for the future control of the Labour Party was launched by Mr. Anthony Wedgwood Benn with a decision not to stand for the Shadow Cabinet.

The move means he will have freedom as a backbencher to promote his left-wing views. Back Page



Markets shake-out continues

By Peter Riddell, Economics Correspondent

EQUITIES AND gilts fell sharply again yesterday and sterling came under further pressures as the shake-out of financial markets since the election continued.

The sharp setback this week in the main financial markets is in contrast to bullish pre-election expectations about the possible impact of a Tory victory.

But the result had been discounted to a large extent, after a 25.2 per cent rise in the FT 30-share Industrial Ordinary Index and a 17.4 per cent rise in gilt-edged prices since mid-February. Sterling had also been very strong in the early spring.

Yesterday the 30-share index dropped by 6.2 points to 532.7, giving a decline of 4.6 per cent since its all-time high of 558.6 last Friday.

Gilt-edged prices have also fallen, though by a smaller amount. Last night the FT Government Securities Index was 2¾ per cent below its 1979 peak, achieved last Friday.

The weakness of gilts in part reflected a heavy wave of sterling selling in the foreign exchange markets yesterday morning. Dealers believe the Bank of England intervened to check the decline. Iran's decision to impose a further surcharge on crude oil prices helped to boost sterling in quieter afternoon trading, but there was late selling from New York.

Consequently the pound dropped 1.8 cents to $2.0495, slightly above the day's low point.

The trade-weighted index, measuring the value of sterling against a basket of other currencies

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£ in New York

	May 9	Previous
Spot	$2.0610-0630	$2.0705-0715
1 month	0.38-0.33 dis	0.27-0.33 dis
3 months	0.71-0.66 dis	0.45-0.40 dis
12 months	2.06-1.96 dis	1.95-1.85 dis

Iran puts up price of its oil again

BY ANDREW WHITLEY IN TEHRAN AND KEVIN DONE IN LONDON

IRAN HAS used its very strong market position to impose a further surcharge of 60 cents a barrel on the cost of its crude oil. The increase — the second in a month — comes into effect next Tuesday and will be applied to all existing supply contracts.

The decision to push ahead of the market has aroused new fears in the oil industry that OPEC producers will start another round of leap-frogging increases ahead of the next scheduled OPEC price-fixing meeting in Geneva on June 26.

At $17.17 a barrel, Iranian light crude is now the most expensive in the region after leap-frogging over the products of traditionally more highly-priced sources such as Abu Dhabi and Iraq. Comparable Saudi Arabian crude oil is $2.63 cheaper.

Iran's decision can be expected to cause consternation among the 36 state and private crude, compared with Iraq's price of $16.40 a barrel for Basrah light and Iran's new price of $17.17 a barrel for light crude.

An oil industry expert said yesterday that NIOC's decision was likely to cost Iran much goodwill in the long term, but would probably not deter intending purchasers this year.

The latest increase will bring in a relatively small extra $331m on the term contracts already signed for the rest of this year, and a likely $386m, based on the projected production figure of 3.5m barrels a day.

Analysts estimate that on current prices this production level would give Iran a healthy annual income of about $20bn. It is assumed that the sheer pressure of demand from eager foreign customers scrambling for the remaining supplies available this year on term contracts,

CRUDE OIL PRICE INCREASES ($ per barrel)

	Dec. 1978	Jan. 1979	April 1979	May 1979	% increase since Dec. 1978
Iranian Light	12.81	No exports	16.57	17.17	34
Iraq—Basrah Light	12.66	13.29	15.70	16.40	29.5
Saudi Arabian Light (marker)	12.70	13.34	14.54	14.54	14.5
North Sea Forties	14.00	15.50	18.30	18.30	30.5
Algeria Saharan Blend	14.10	14.81	18.55	18.55	31.5

oil companies which have reached agreement with the National Iranian Oil Company following the resumption of exports in March.

Iran's increase comes only days after Iraq announced an increase of 60-70 cents a barrel to bring its crude oil prices into line with those of Iran.

Indonesia has also increased its prices recently. Oman, one of the smaller non-OPEC producers in the Gulf, has raised its main crude price to $17.50, one of the highest prices being charged in the Middle East.

Charging

The renewed pressure for higher prices, which comes only a few weeks after the last round of substantial rises at the beginning of April, will be felt most keenly by Saudi Arabia, which is now isolated as the only OPEC member not to have introduced any extra surcharges on its main export crude.

It is still charging $14.54 for Arabian light, the OPEC marker no more than 500,000 barrels a day, was the key factor in the decision.

The decision, which applies to all grades, was made by NIOC's board on Wednesday and subsequently notified to all customers. No official explanation or justification was given.

Although Iran is under financial pressure from its backlog of commitments arising out of the months of disruption, its current account balance of trade figures are likely to be healthy in the medium term future.

Notionally at fixed prices, NIOC's term contracts are understood to contain an escape clause allowing the vendor to increase the price unilaterally. The purchaser's only options are to swallow the increase on the grounds that it needs to maintain access to Iranian oil or else to terminate the contract and seek increasingly scarce alternative supplies.

Petrol shortages in Ireland Page 2, and U.S. Page 5
Energy Review Page 12

CBI worried by rising pound, pay and prices

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

INDUSTRIALISTS ARE becoming increasingly concerned about the prospects for exports later this year when they expect current wage and price increases to weaken further the competitive position of British goods.

This emerged yesterday when the Confederation of British Industry published its quarterly industrial trends report which showed a general upturn in industrial activity following the problems caused by the winter's lorry drivers' strike and other labour troubles.

The concern about exports arises from longer-term wage and price problems being exacerbated at present by the rising pound.

Stating that many industries are now 10 per cent less competitive than they were three or four months ago, Sir Ray Pennock, chairman of the CBI's economic trends committee and a deputy chairman of ICI, said: "There is not much cause for optimism about exports because of our concern about the sterling exchange rate. The price problem will be a major factor limiting our export performance."

This will be impressed on Sir Geoffrey Howe, Chancellor of the Exchequer, when the CBI meets him in ten days to discuss their revised Budget proposals which are to be published on Monday.

Later next week CBI leaders are also to have a formal meeting with Mr. Jim Prior, Employment Secretary, about their ideas for labour law reforms. They also expect to meet Sir Keith Joseph, Industry Secretary, soon.

In its Budget proposals, the CBI will stress its hopes for long-term tax changes and for public spending to be severely restricted.

On the basis of yesterday's trends survey the CBI leader will tell the Chancellor and other Ministers that business confidence, while improving, is still uncertain because of Britain's underlying economic and industrial problems.

There is also some concern about how the levels of settlements still to be reached in the present wage round and about the cost pressures that will build up during the summer.

"There has been an improvement in business activity in the last few months, but any belief that we are about to take off must be tempered with the need to correct our underlying weaknesses," said Sir Ray who will be adopted next week by the CBI as its president-elect.

Part of the caution about the improvements in the latest survey stems from doubt among CBI leaders about whether companies are merely catching up on business lost during the winter's strikes, or whether there really is an underlying increase in activity.

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Royal £20m underwriting loss

BY ERIC SHORT

THE FIRST indication of the full cost of last winter's severe weather came yesterday when Royal Insurance, a leading British insurance composite, reported an underwriting loss of £20m in the first quarter.

The extent of the losses, which were far higher than expected, reflected the very expensive nature of the bad weather on both sides of the Atlantic. In the first quarter of last year Royal lost only £1m on its underwriting.

The pattern of losses experienced by Royal, which is the first composite to report this year, is expected to be repeated by other major insurance companies. The British insurance industry could face underwriting losses of more than £50m as a result of last winter.

Royal's investment income rose by £3m to £30.7m in the first quarter, offsetting some of the underwriting losses. First down at £12.8m against £28.6m in 1978.

The severe weather hit insurers in two ways. On the property side, freezing temperatures burst pipes with consequent water damage in the thaw. On the motor account, severe icing on roads caused many more motor accidents than normal at that time of year.

Royal paid out £11m on weather claims in Britain in the first quarter, compared with only £7m in the same period last year.

In the U.S. Royal's most important market, and Canada, total weather claims in the first quarter were more than £5m higher than the equivalent period in 1975.

Royal was also hit by more large fire losses than usual in the UK and the U.S. It was one of the insurers involved in the nuclear accident at Harrisburg.

Mr. Daniel Meinertzhagen, chairman of Royal, said the first quarter losses arose mainly from weather and fire claims, and did not represent a deterioration in the quality of business on the portfolio.

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EUROPEAN NEWS

Moscow greets SALT II with apparent reserve

BY DAVID SATTER IN MOSCOW

THE Soviet Union yesterday issued its announcement of agreement with the U.S. on limiting strategic arms but remained surprisingly non-committal about the accord for which it negotiated for 6½ years.

A brief dispatch from Washington by Tass, the Soviet news agency, said only that Mr. Cyrus Vance, the U.S. Secretary of State, announced that basic agreement was reached on the main questions of the substance of the negotiations.

The Tass dispatch reported, without comment Mr. Vance's statement that the U.S. and the USSR are now on the verge of signing a new treaty on strategic arms which will mark practical restrictions in the nuclear arms race.

The only apparent comment in the Tass report, which came 16 hours after the Washington announcement, was the critical observation that President Carter stressed in his statement on the agreement the necessity of strengthening U.S. and NATO defences.

The tone of the Tass report was similar to that of an article by Mr. Vitaly Kobysh, a senior foreign policy adviser, in Literaturnaya Gazeta, the weekly newspaper, which appeared before the agreement was announced.

Mr. Kobysh said that SALT II would strengthen international security but could not of itself bring an end to the arms race. The Tass report and Mr. Kobysh's authoritative analysis, suggest the Soviets will make no show of outward enthusiasm for the treaty at least until the remaining "secondary issues" are settled.

The attitude of the Soviet media toward the SALT II treaty so far presents a marked contrast to the euphoria which surrounded the signing of SALT I in 1972 when Soviet commentators foresaw a new era in U.S.-Soviet relations marked by expanding co-operation in all fields.

Part of the official reticence now evident undoubtedly reflects Soviet appreciation that SALT II faces a difficult ratification fight in the U.S. senate.

It may also reflect the tempered attitude toward detente in the Soviet Union. The Soviet Government still wants detente but from the pressures over the dissidents and Jewish emigration in recent years, it has learned that it cannot enter into a stable, long term relationship with a democracy like the U.S. without accepting U.S. inspired limits on its total control.

President Tito of Yugoslavia will visit Moscow on May 16 for two days' talks with Mr. Leonid Brezhnev, the Soviet leader. President Tito is then expected to take a short holiday in the Crimea. It is believed the two men will try to reconcile strong disagreements on several contentious foreign policy issues. Moscow has expressed irritation at Yugoslavia's even-handed criticism of Cambodia and Vietnam and its close links with China. President Tito is likely to urge Mr. Brezhnev to tone down that Yugoslavia sees as Soviet-Cuban efforts to divide the non-aligned movement.

Switzerland to introduce short-term certificates

By John Wicks in Zurich

FEDERAL short-term certificates are to be introduced by the Swiss Government as a means of expanding the country's money market.

This was announced in Lucerne by Prof. Dr. Leo Schuermann, vice-president of the Swiss National Bank.

While these will initially be limited to certificates issued by the confederation and—after inception of the revised national bank law—the Central Bank, Prof. Schuermann said that at some later date public authorities — cantons, cities and major communities—and banks could borrow in this way.

At the same time or subsequently, the scheme would be thrown open to all first-class borrowers.

This announcement follows publication by the national bank last July of a new money-market concept. This foresaw certificates of a minimum unit value of SwFr 500,000 and with maturities initially from one to 12 months. The certificates will be able to be discounted or used as security against a loan—the national bank to keep a register of money-market paper in circulation.

Prof. Schuermann, who gave no date for introduction of the new financial instruments, said they would not be subject to issue control restrictions as applied to the bond market.

No turnover duty is imposed on maturities of 12 months or below, while the 35 per cent withholding tax on the discount would not be levied when the certificates were apportioned to a bank for its own account.

Prof. Schuermann drew attention to the insignificant size of the Swiss money market at present compared with the Eurocurrency markets.

Measures were necessary to open up a national money market to banks and non-banks excluded from it in its present form, as well as to promote competition in the market for short-term funds and to activate the Government's openmarket policy.

Polish anger over shortages

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Government and Communist Party is coming under increasingly outspoken criticism for its handling of economic and political affairs, in the wake of the economic slowdown and consumer discontent.

The latest evidence of this comes in an address by Mr. Stefan Bratkowski, a prominent Polish journalist and party member.

In a speech to the party organisation of the Polish Writers' Union's Warsaw branch he has called for political reforms and a free debate on the state of the economy.

Mr. Bratkowski charged that the planning system was disintegrating, that effective control over investments did not exist, and that the people were becoming increasingly disillusioned with continuing shortages of consumer goods and food.

To remedy this, he called for a greater separation between party and the Government, real powers of control for elected bodies such as the Polish Parliament, and a relaxation of control over the media.

He also urged an independent judiciary, along with legal and administrative reforms, and insistence on professional competence and qualifications as the sole criteria for job appointments.

Mr. Bratkowski proposed a three-year reconstruction plan for the key areas of energy production and transport, which at present are failing to satisfy the needs of the economy.

The speech re-iterated themes first aired last March which provoked an attempt by the party authorities to have him expelled.

The move was voted down by the executive of his party branch. Other party members in the writers' union spoke out in defence of Mr. Bratkowski's views.

The Polish writers' union is a volatile organisation, but up till now, members have only spoken out in defence of party policies when the protests were confined to such issues as censorship or the right of individual authors to travel to publish.

Mr. Bratkowski's speeches are especially significant because they are based on the observations of a study group called "Experience and the Future."

The group, of which Mr. Bratkowski is a member, and one of the original organisers, is made up of experts from many fields and includes economists, historians, journalists and artists.

Tensions grow in Gaullist ranks

BY DAVID WHITE IN PARIS

THE ANTAGONISM between M. Jacques Chirac, the Gaullist leader, and President Giscard d'Estaing continues to produce tensions on two fronts within France's Government majority.

Signs of strain within M. Chirac's RPR party were barely patched up this week at a meeting of two-thirds of the party's 155 MPs.

The meeting thrashed out the arguments which a few days ago led one of the party "barons," M. Olivier Guichard, to rally 24 other Gaullist MPs against M. Chirac's aggressive attitude towards the president.

They were particularly concerned about M. Chirac's recent statement that the European election, which the two coalition parties are fighting separately and on opposing platforms, was likely to call M. Giscard's "legitimacy" as head of state into question.

The Gaullist leader reassured his followers that he was not planning to bring a censure motion against the Government, describing this as "the policy of the worst" which was to be "absolutely rejected." The MPs presented a united front behind both the Gaullist election list and M. Chirac.

But the meeting also set the scene for renewed criticisms. M. Giscard warned that the party's European campaign was too negative, and that arguments based on the Giscardians' level of support might rebound on the Gaullists.

Belgium to seek funds abroad

By Our Foreign Staff

THE BELGIAN Government is making preparations for a programme of large-scale foreign borrowing to help finance its large public sector deficit.

The move, which would represent only the second time in 10 years that Belgium has sought large scale funds abroad, will also help bolster the Belgian franc, currently the weakest member of the European Monetary System.

According to a report from Reuters in Brussels, the Treasury will start the programme in the very near future by raising short term Euromarket credits of three, four or six months maturities. The currencies it will borrow have not yet been decided and will depend on market conditions.

In several months' time the Treasury would raise further, long term, credits in the form of a syndicated Eurocredit, a Eurobond issue or a dollar borrowing in the U.S.

The Belgian Government has not previously raised money in the international bond markets, and would commence among the finest commercial interest rates.

The total amount Belgium will borrow abroad is not yet clear, but the overall amount under consideration was reported to be "well under the equivalent of $1bn."

The resort to foreign credit was foreshadowed last October when the Government revealed that it had negotiated a BFr 8bn borrowing through the Bank for International Settlements, the first time in 10 years that it had raised funds abroad.

German banks in Cartel office talks

BY LESLIE COLITT IN BERLIN

THE WEST German Cartel Office has had talks with representatives of three major West German banks called to Berlin to explain their simultaneous decision last month to delay an increase in interest rates for savings until 12 days after they raised interest charges for loans.

The Cartel Office said it "suspected" the three leading banks—Deutsche Bank, Dresdner Bank and Commerzbank—of "violating cartel law against co-ordinating business practices."

After the meeting, a spokesman for the Cartel Office said the banks gave a "plausible" explanation of the event, and that the Office would make further investigations and "bring the matter to an expeditious conclusion."

The Cartel Office, an agency of the West German Economics Ministry, said the banks delayed raising interest rates for deposits by from four to six weeks after West Germany's savings banks put up their rates for deposits.

Deutsche Bank, the leading West German banking group, has already firmly denied the charge that it co-ordinated interest charges with the other two banks.

The Office admits it will be extremely difficult to prove its suspicion.

It would have to show conclusively that on a specific day in a certain place, representatives of the three major banks met and formally agreed to co-ordinate their rates or in some other way signalled to each other their intention to do so.

Adrian Dicks adds from Bonn: The West German Government said on Wednesday that it considers the Monopolies Commission's suggestion that banks should limit their holdings in non-banks to a certain percentage "a conceivable way" towards reducing the possibility that the banks' influence might harm competition.

In a lengthy reply to the Monopolies Commission report published last August, the Government said it was also ready to review the system under which many small shareholders assign their voting rights to the banks on a permanent basis—a situation which the Commission also saw as a potential hindrance to competition.

Herr Wolfgang Kartte, president of the Cartell Office

● Inflation in West Germany accelerated very slightly in April, according to the retail price index published by the Federal Statistical Office. It showed a year-on-year rise of 3.5 per cent from April, 1978, after climbing 3.3 per cent in March and 2.9 per cent in February.

The principal increases responsible for this rise, which corresponds roughly with the latest forecasts for the year as a whole, were in light heating oil (up 67 per cent) and fresh vegetables (up 32.3 per cent).

Dutch attack on 35-hour week

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government's top social and economic advisers have delivered a sharp rejoinder to union proposals to create extra jobs by introducing shorter working hours.

Even if employees compensate in full for their shorter working week by taking a cut in wages, the effect would be to reduce industry's productivity and profits, the Economic Commission of the Social-Economic Council said.

Unless wages are reduced to compensate in full for the shorter work time, industry's profitability would be adversely affected and the balance-of-payments position would worsen, it added.

The impact on unemployment is unlikely to be as significant as forecast, since many companies could make use of internal labour reserves to maintain production.

Ironically, unless sufficient extra workers can be found in some regions—for instance many companies in the crowded West Netherlands say they already face labour shortages—job opportunities would be reduced.

Unemployment could only be cut by creating jobs, and shorter working must only be applied within a strictly agreed programme acceptable to both sides of industry, possibly involving the Government.

Shorter working without any adjustment of wages would lead to a loss of 105,000 jobs over 10 years, and bring about an increase of 70,000 in the unemployed.

Acceptance of lower wages would create 115,000 jobs and reduce unemployment by 75,000. The negative impact on productivity and profits would remain.

The commission had not had time to look at shorter working developments outside Holland, but urged that a comparative study be carried out.

The European Parliament has called for a reduction of the average working hours by 10 per cent over the next five years.

Italy Socialists offer coalition with the Right

By Rupert Cornwell in Rome

A SIGNIFICANT new move in the Italian election campaign has come from Sig. Bettino Craxi, the Socialist leader. He has made a thinly veiled offer to form a government with the long-ruling Christian Democrats after the June 3 and 4 poll, if certain conditions are met.

The most important of these are that the Socialists should make a real advance from their 9.6 per cent of the poll at the previous election in June 1976, and that in a new administration the two parties should be on a virtually equal footing.

It is widely thought that this might involve a Socialist as Prime Minister—the first time that the post would go to a non-Christian Democrat politician in Italian post-war history.

Meanwhile there are signs of a possible thaw in the deadlocked labour contract negotiations involving Italy's 1.5m metal and engineering workers.

Swedish Bill for nuclear delay

BY WILLIAM DULLFORCE IN STOCKHOLM

SWEDEN'S MINORITY Liberal Government yesterday submitted a Bill to prevent more nuclear power stations being fuelled and activated before a national referendum on nuclear energy is held next year.

It warned the Riksdag (Parliament) that new taxes would have to be raised to compensate the power companies for the delay.

Two nuclear power stations are ready to be fuelled, and permits for the fuelling of two more are expected to be submitted in the autumn.

The political parties agreed to halt Sweden's nuclear programme after the accident to the nuclear reactor at Harrisburg in the U.S., and to hold a referendum on the whole nuclear issue.

The bill, published yesterday, would pay the power companies' charges for maintaining the plants, financing loans, extending staff training programmes, and for possible damage claims for their failure to deliver electricity.

The delay in activating the nuclear stations is expected to increase oil consumption by about 5m tonnes and to add about SKr 3bn (£330m) to the payments deficit.

Mr. Carl Tham, Energy Minister, said the cost to the Treasury of the delay would be at least SKr 1.5bn. Government experts are understood to have advised that the total could be as much as SKr 4bn.

Ireland admits serious shortage of oil

By Our Dublin Correspondent

IRISH MOTORISTS were forming long queues at filling stations yesterday after the Government had admitted that the country faces a serious oil shortage and the Opposition had warned that petrol prices could rise to £1.50 a gallon by the end of the year.

After months of confusion as to why Ireland seemed to have more trouble with oil supplies than other European states, Mr. Desmond O'Malley, the Energy Minister, told Parliament that the country was short of fuel and would probably face several price increases this year. Opposition spokesman suggest the shortfall is of the order of 20 per cent.

Although petrol is not cheap by UK standards, taxes are higher, and Mr. O'Malley admitted that removing price controls would end the shortage.

Lisbon eases wage rise ceiling

BY JIMMY BURNS IN LISBON

PORTUGAL'S non-party Government has raised its planned wage ceiling targets for this year to 20 per cent, and indicated that it will reduce the burden of the controversial 13th month tax when it presents its Budget next week.

The Government's original intention, to peg this year's salary increases to an inflation target of 18 per cent, and to levy a 56 per cent "new tax" on the traditional 13th-month Christmas bonus, have increasingly drawn the wrath of the political parties and the unions.

This was behind the defeat of the first Budget presented in March.

While perhaps ensuring a safe passage for its revised Budget, this last-minute flexibility by the Government is unlikely to deter the various political parties from their attempt to bring the downfall of the administration of Sr. Carlos Mota Pinto.

This view was strengthened by the results of Wednesday's crisis talks between the parties and President Antonio Ramalho Eanes.

Emerging from the talks, Sr. Antonio Reis, a member of the Socialist Party's national executive, reconfirmed his party's intention to help the Budget through Parliament "because it was urgent for the nation."

He stressed that the Government should, however, resign because it lacked both party and popular support.

Sr. Meneres Pimentel, spokesman for the Social Democrat Party (PSD), gave no indication of how the PSD would vote

He merely backed up the call for the Government's resignation, adding that an early election was the only viable solution to the present political crisis.

Oslo MPs back oil wells plan

BY FAY GJESTER IN OSLO

THE NORWEGIAN Labour Government's proposal to allow exploration for oil and gas off north and central Norway, starting in summer 1980, has been unanimously endorsed by the 41 Conservative Party MPs in Norway's Storting (Parliament). This makes it virtually certain that the proposal will be approved when the Storting debates it, some time before the summer recess. Until now, oil exploration has not been allowed in Norwegian waters north of the 62nd parallel.

Only Labour and Conservative MPs are likely to vote for drilling in northern waters to start in 1980, however. The other four parties in the Storting have all said they are against it. Some favour a delay of a few years, to allow for improved preparedness against pollution. Others want indefinite postponement, because of the threat to fisheries and the greater risks attached to drilling in the deeper, stormier waters north of the parallel.

Meanwhile, Mr. Per Kleppe, the Finance Minister, met a group of offshore workers who are threatening to strike from May 19, if a recent tax ruling is not reversed. The group is backed by employees on the Ekofisk, Statfjord and Frigg fields, and the action could paralyse all activity in Norway's sector of the North Sea.

Europe's new currency system sets a challenge for Switzerland and Austria, reports **David Marsh**

EMS dilemma for the 'hard money' men

THE SETTING up of the European Monetary System has created something of a dilemma for the monetary authorities in the hard money bastions of Switzerland and Austria. With strong commercial and financial ties to the EEC, and policies of exchange rate management which are already geared to an informal link with the Deutsche Mark, both countries are keen on some form of association with the fledgling EEC currency bloc to back up their own economic stability policies.

But however much they are interested in the idea of a zone of stable currencies in Europe, the two countries want to avoid too close a link to the new system. Neither Government wants to enter into formal intervention obligations against EEC currencies for fear of inviting speculative inflows and hampering monetary control.

The groundwork for partnership with the EMS by non-EEC states was laid in December, when Common Market heads of government declared that European countries with close ties to the Community would have the opportunity to participate in the exchange rate and intervention mechanisms of the scheme.

Apart from Austria anc Switzerland, the proposal was aimed largely at the two Nordic ex-members of the European currency "snake," Sweden and Norway, which so far have shown little willingness to rejoin any system which would tend to drag up their currencies with the Deutsche Mark.

Austria, though, has been quick to respond. Dr. Hannes Androsch, the Vice Chancellor and Finance Minister, has suggested that his country be allowed a special "observer status" within the EMS. This would formalise the arrangement under which Austria, by autonomously maintaining the schilling within a narrow band against the Deutsche Mark, was a de facto member of the "snake" from its inception in March 1973 up to its replacement by the EMS two months ago.

Dr. Androsch's formula would allow the National Bank in Vienna to continue with its tightly managed pegging of the schilling against the D-Mark while at the same time giving Austria a role in the administration of the EMS by allowing it to attend, for example, meetings of EEC Finance Ministers and central bank governors.

Apart from the beneficial economic aspects of greater currency co-ordination, Dr. Androsch thinks association of Austria with the EMS would be an important step towards European integration—"to show that Europe is more than just the Nine," as he put it in an interview with the Financial Times in Vienna last month.

It is not certain whether the EEC will agree to Austria's associate membership of the EMS on the terms suggested by Dr. Androsch. The National Bank believes that France, for one, might block the idea by declaring that access to the institutional part of the EMS is for EEC mebers only.

But whatever happens to the idea of a formal link with the scheme, both Dr. Androsch and Prof. Stephan Koren, the National Bank president, stress that Austria will continue with the D-Mark link while at the same time maintaining the flexibility to make occasional adjustments to the rate, like the 1 per cent devaluation of the schilling against the D-Mark last October.

With West Germany accounting for 40 per cent of Austria's imports, 25 per cent of its exports, and 80 per cent of its foreign visitors, the D-mark link has made considerable economic sense, and has helped bring inflation down to around 3.5 per cent, now roughly the same as in Germany.

The "hard schilling" policy came under fire domestically in 1977, when Austria was running a very large current account deficit. Now the deficit is back to more normal levels and the outlook for the rest of the economy is reasonably bright. Although exporters still sometimes complain about the strength of the schilling, Austria's currency policy has been sufficiently successful not to have become an issue during the recent general election campaign.

The point is confirmed by Prof. Koren, formerly the Parliamentary leader of the opposition People's Party before he was appointed National Bank president last year, who declares that the strong schilling "forms a good political basis for our economic policy."

Austria, as Prof. Koren is the first to admit, is among the world's monetary minnows. This makes a policy of sheltering under the wing of the D-mark both sensible and relatively easy. Switzerland, on the other hand, because of the internationalisation of the franc, is far more exposed to the buffetings of world capital movements. The relative volatility of the Swiss franc against the D-mark, over the last few years is illustrated in the chart.

The Swiss approach to the EMS has thus been much more diffident than Austria's—the Government has gone no further than to ask the National Bank to pursue contacts with other European central banks to examine the possibility of co-operation with the system.

Switzerland does not aspire to the kind of "observer status" suggested by Austria. In private monetary officials say Switzerland can gather all the insight it needs into the way the system is working without having to sit in on any of the institutional discussions, and even dismiss Dr. Androsch's approach to the EMS as something of a pre-election gimmick.

The central issue being considered at the moment is whether the Swiss National Bank can further improve its co-ordination with other central banks in matters like dollar interventions policy. Beyond that, as Dr. Fritz Leutwiler, the Central Bank President, said at the Bank's annual meeting at the end of April, it will be up to the Government to decide whether and to what extent Switzerland's relationship with the EMB should be strengthened.

There is no doubt that Switzerland would welcome the prospect of stable exchange rates with the EEC, which accounts for 68 per cent of the country's imports and 47 per cent of its exports. But at a time when there is a gap of up o 10 points betwen inflation rates in Switzerland and those in Italy and France, nobody in Zurich thinks a system of fixed margins for the franc against EEC currencies would last very long.

Swiss anxieties are shared by some EEC countries. France in particular fears that the entry into the system of another hard currency country alongside Germany would increase the danger of disruptive polarisation between the stronger and weaker currencies.

But for all that the Swiss franc has been behaving since the start of the year exactly as if it were a member of the EMS, with the National Bank keping the currency in a very narrow band around the SwFr 0.90/DM level. This is a direct result of an important change in Swiss exchange rate policy last October when, after months of severe upward pressure on the franc against the dollar and the D-Mark, the National Bank announced that it would concentrate its intervention efforts on weakening its currency against tthe D-Mark, setting a ceiling for the franc of SwFr 0.80/DM.

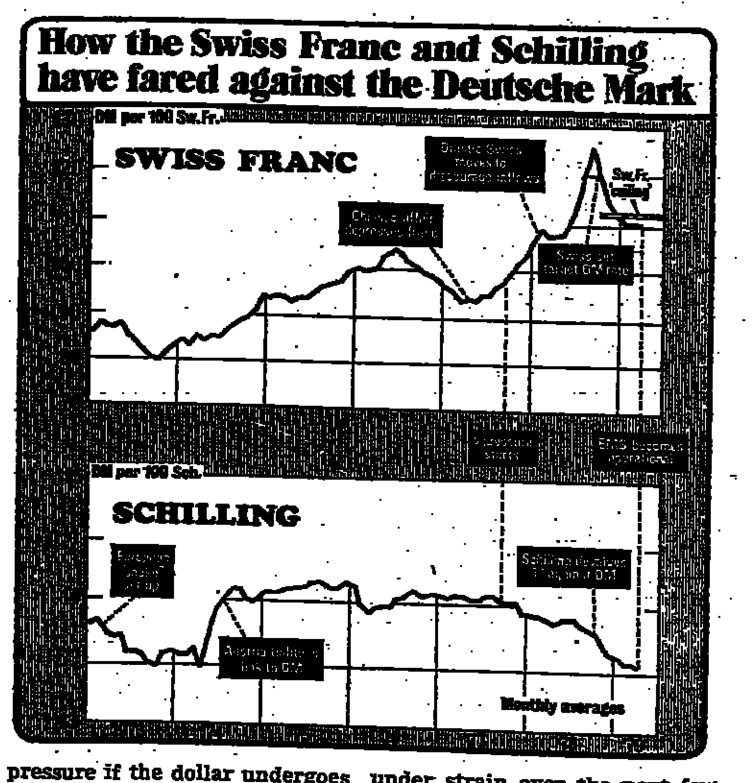
Since then the franc has fallen considerably, and there have even been signs of the policy working too well. Worried about the effect of a depreciating franc on inflation, the Swiss National Bank in recent weeks has been buying francs to prevent the currency from easing below the SwFr 0.90/DM level.

The decision to hold the franc against the D-Mark, even in a loose and informal way, illustrates how the Swiss authorities have had to modify their currency policy, partly as a result of the setting up of the EMS. Now that the D-Mark is part of a formal EEC currency bloc, the Swiss fear that the franc could be picked out to bear the brunt of speculative pressure if the dollar undergoes a further bout of weakness; this explains the desire to get at least close enough to the EMS to receive some flanking protection from currency storms. As a National Bank official put it: "We have realised you can't have autonomy in everything."

Whether Switzerland manages to keep up its de facto link with the EMS remains to be seen. This year's picture of exchange rate stability both within and outside the EMS could change rapidly if the dollar comes under strain over the next few months. Reflecting the general wait and see attitude, there is no hurry in the EEC to get down to formal talks on the question of Swiss and Austrian links with the EMS.

Common Market officials in Brussels say concrete moves on possible participation are not likely to take place at least until the autumn — interestingly enough, the time when many observers are predicting the EMS will undergo its first real bout of pressure.

How the Swiss Franc and Schilling have fared against the Deutsche Mark



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Egypt weapons work goes on despite boycott

BY RICHARD JOHNS, MIDDLE EAST EDITOR

WORK IS proceeding on schedule on two military weapons projects in Egypt involving large commitments by British companies, despite the decision by the oil-rich shareholders — Saudi Arabia, the United Arab Emirates, and Qatar—to suspend work on them.

Earlier this week, Mr. Faisal al Qassimi, Chairman of the Arab Organisation for Industrialisation, said that operations on joint ventures designed to give the Arab world an arms manufacturing capability had been halted pending the outcome of consultations among the three oil-rich States.

They have subscribed, in equal shares, three-quarters of the $1.4bn capital of the AOI.

British Aerospace Corporation reports that no interruption has occurred in the development of the plant that should start producing Swingfire anti-tank missiles in September.

BAC has a 30 per cent stake in the venture that, so far, has produced £40m-worth of orders for equipment manufactured in the UK and that promises a further £90m, at present under negotiation.

Tooling and design engineering is going ahead as originally envisaged, also, at the Helwan plant that is to produce the first Egyptian-assembled Lynx helicopter in Egypt early next year, a project in which Westlands and Rolls-Royce also share a 30 per cent stake.

The initial contract for the Yeovil-based air-frame company was worth £55m, including the delivery of 20 Lynxes built in Britain and another 30 assembled in Egypt.

For Rolls-Royce, producer of the Gem engine, the deal is worth £115m-£120m. It received its second-phase payment in March shortly before the majority of Arab States decided at Baghdad on sanctions against Egypt.

None of the three companies is prepared to say as much, but clearly, outstanding commitments are in step with funding. Yet there is also a discernible concern over whether finance will be available for future developments.

Contracts being implemented constitute the initial stages of much larger projects. For instance, the AOI plan was that no less than another 200 Lynxes in addition to the first 50 would be assembled in Egypt with an increasing proportion of the value accounted for by local production.

Unaffected, also, it is believed, will be the joint venture between AOI and American Motors that started producing military jeeps last year and is building up to a capacity of 12,000.

For the time being, the project for manufacture of the Franco-German Alpha jet in Egypt can be considered a dead letter.

Initial agreement was reached last September, but the Camp David agreement that led to the Israeli-Egyptian peace agreement in March held up implementation.

Cairo press attacks Iran

BY ROGER MATTHEWS IN CAIRO

EGYPT HAS suffered another diplomatic reverse which for the first time involves countries outside the Middle East. The decision by the 43-nation Islamic conference, meeting in Morocco, to suspend Egypt's membership because of the peace treaty with Israel comes as a further blow to President Anwar Sadat.

A denunciation of the Islamic conference decision by the Government was followed in Press editorials yesterday by hard-hitting attacks on Iran's religious leader Ayatollah Khomeini who was accused of perpetrating a blood-bath without any respect for religion, law or the prevailing custom of the people. Iran is the only non-Arab country to have broken relations with Egypt since the peace treaty was signed.

From Doha, **Kathy Bishtawi** describes the risks of a $3-4bn gas project

Unlocking the Genie of the Dome

THE GULF State of Qatar is on the verge of making the most momentous decision in its history — whether or not to develop its north-west gas field.

Socially, ethnically, and financially, the decision carries implications which understandably awe higher-ranking Qataris.

It will be one, which in the end, will be carried on the shoulders of one man — the Emir, Sheikh Khalifa bin Hamad Al-Thani, following advice from other family members and a handful of Qatari technocrats.

To appreciate the size of their problem, it is necessary to digest the scale of the field itself. It was discoverd in 1972 10,000 feet down in the Permian Khaff strata through routine drilling for oil by the then Shell Qatar Company.

Even in those far-off days when oil was cheap, selling at $2 a barrel, and reserves seemed inexhaustible, the find generated much excitement in the Shell head office in Holland.

Today, the environmental and ecological considerations and the growing unpopularity of other alternative energy sources such as nuclear power, has made gas highly attractive, despite its certain inherent dangers in transport and storage.

The Dome—so called because of its symmetrical shape — has proven reserves of 31 trillion cu ft.

Some oil industry experts put the reserves much higher — between 72 and 100 trillion cu ft. The find has been compared with Holland's Groningen field which satisfies the bulk of Dutch energy demand as well as being exported to other West European countries.

When exploitation of the Dutch off-shore fields began in 1965 reserves totalled over 100 trillion cu ft.

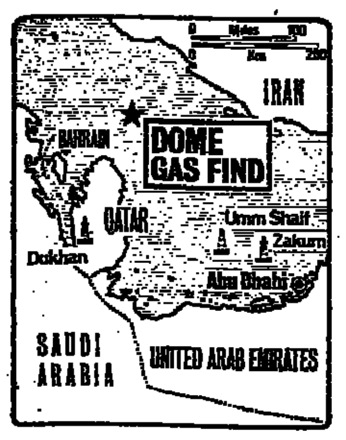
With its oil availability expected to start declining in 10 years' time, it would seem appropropriate for Qatar to consider the Dome as a replacement for decreasing oil revenue.

Yet what must be regarded as a fabulous source of wealth is viewed as something of a headache by many Qataris. The Qatar General Petroleum Company has announced that a joint study of the field is to be carried out with Shell. But oil companies looking at the project are talking about "if" the Government gives the overall go-ahead, not "when."

First and foremost, as with other Gulf Sheikhdoms, there is the problem of population. Qataris only number 50,000 out of a total population of 200,000 and any development of this size would only bring in more and more foreigners, creating a greater imbalance.

This would apply particularly in the initial stages when construction is underway but less when the plants are in operation.

Oil industry sources estimate the final figure of operators required at not more than "a few hundred," less than any of the industrial plants already in operation at the industrial city of Umm Said.



However, associate jobs and back-up services would multiply the few hundreds into a few thousands.

Secondly, many Qataris question the desirability of developing the field for financial reasons. There is a trend of thought in Qatar which says "Let's get the electricity and water right, then think about the future carefully."

Doha, unlike the nearby Emirates which has a trading history, is not so marked with a commercial fervour generated out of making money from the foreigners.

When the ruler recently gave the go-ahead for a relatively small project—a 400-bed Sheraton Hotel—there were murmurs and grumbles in private about the practical value for the ordinary Qatari. Many believe it is better to cut the number of expatriates and so slice the expenditure, invest surplus revenue and live off the income.

A further consideration is that Qatar adheres to the fundamentalist Wahhabite Islamic code and is very anxious to preserve its traditional values. Education in American universities has not bred a generation of free-thinking whisky swillers. Many young Qataris openly express their contentment with the system and there is not much pressure for social and political change.

Thirdly, there is the huge cost of developing the Dome. It has been estimated at $3bn-$4bn—but could be much more. In the past, Qatar has looked to the international money market to finance a large share of its heavy industrialisation programme.

Some $350m has been borrowed, but with changes in the value of the dollar and interest rates, the Qataris have on occasion found themselves paying effective interest rates as high as 14 per cent.

The Eurodollar loans have proved a heavy burden on the State's industrial joint ventures. There is already talk of refinancing from the Government.

In short, Qatar does not like its experience of borrowing. The Qatar General Petroleum Corporation is talking of suppliers' credits and of institutions like the U.S. Export-Import Bank helping to finance the project.

Fourthly, risk is involved. As the search for resources heats up, the possibility is always there that new finds will be made nearer to the home markets of Qatar's customers, in particular Japan, the most likely customer for North Dome gas. There is also talk of developing areas in Australia. Nearer home, the neighbouring State of Abu Dhabi has also just announced a big gas find.

The assumption must be that no magic alternative energy source will be found in the eight years that it will take to develop the Dome. Further, the Qatar Government and its partners would have to interlock closely into the economy of purchasing countries under long-term contracts.

At present, only a handful of terminals can handle such cargoes as liquefied natural gas (LNG). Any switch from oil to gas necessitates enormous investments. The U.S. is not considered a likely customer in view of its desire to become less reliant on Arab energy. While Japan is the most likely market, Western Europe is not ruled out either, not least because of the faith it has shown in Qatar's growing heavy industry.

One Western diplomat said he believed that the Dome could have more overwhelming consequences for Qatar than the oil price boom of 1973. The difficult decision will be of vital importance for this tiny, desolate Gulf State. It cannot be taken in a hurry.

Jewish community in Tehran fears future

BY SIMON HENDERSON IN TEHRAN

THE EXECUTION by a revolutionary firing squad of Mr. Habib Elghanian, the Iranian Jewish businessman, along with another Moslem businessman at 1 am on Wednesday morning is expected to confirm fears among Jews and other entrepreneurs that their future may have to lie outside Iran.

By itself the execution is not seen as proof of a possible purge of Jews: Mr. Elghanian was known to have exploited his monopoly position in the plastics industry and had earlier fallen foul of the Shah because of this.

But the vagueness of the charges against him (including corruption, "economic imperialism," massacring Palestinians and spying) can only persuade the estimated 50,000 Jews in Iran that the revolution may turn against them.

A number of Iranian business men had already fled before the revolution. Now middle class professionals and other entrepreneurs have also started to leave. There are indications that thousands more plan to do so; threatening serious shortages of senior and middle management.

N. Korea plan for unity with South

PYONGYANG — North Korea yesterday outlined its proposals for reunification with the outh, and said Western interests would not be affected if the two ideologically opposed countries were to merge.

Details of the North's latest thinking on merging with the South were given yesterday by Kim Yong Nam, a member of the Politburo of the Central Committee of the Workers' Party of Korea and director of the committee's international department.

Full reunification could be preceded by an interim confederation Reuter

Chinese 'ready to hold talks with Soviet Union'

PEKING—China is understood to have told the Soviet Union it is ready to hold talks any time on improving relations between the two countries which have been strained by 20 years of squabbling over border and ideological disputes.

China has handed a memorandum to the Soviet Embassy in reply to a note from Moscow last month, officials said. The Soviet note followed a Peking announcement that the Chinese would not renew their 30-year friendship treaty with the Soviet Union when it expired next year.

China's latest memorandum suggested negotiations should include defining relations between them and the elimination of obstacles to the development of trade, cultural and other exchanges.

No time or place was suggested by Peking for the negotiations, leaving Moscow to make the next move.

Meanwhile in New York Mr. Leonard Woodcock, the U.S. ambassador to China said the international business community should not think China had abandoned a programme of modernisation but must realise she no longer desires a volume of foreign contracts "bordering on fantasy."
Agencies

Israel under diplomatic pressure

NEW YORK — Israel's latest incursion into Southern Lebanon is reported to have brought it under increasing pressure to see that UN troops are given more elbow room in the southernmost strip of the country, controlled by Israeli-backed Lebanese Christian militiamen.

Security Council President Sr. Vasco Futscher Pereira had private talks on Lebanon with Kuwait and the U.S., both council members. He also conferred with countries contributing troops to the UN interim force in Lebanon—Fiji, France, Ireland, the Netherlands, Nepal, Nigeria and Norway.

The non-aligned co-ordinating bureau here issued a statement expressing alarm at "the Israeli invasion of the territory of Lebanon."

It called on the Security Council to take steps under the UN charter "to put an end to such Israeli aggression and to restore full Lebanese authority and sovereignty" over Lebanese territory.

Meanwhile reports from Israel said Palestine guerrillas and Lebanese left-wing gunners exchanged artillery fire with right-wing militia in South Lebanon, just north of the area involved in the Israeli incursion.

Israeli troops chased Palestinian guerrilla raiders into the area on Wednesday and were halted by Irish troops of the UN force controlling the sector.

Israeli army sources yesterday denied reports that any protest had been lodged over the confrontation with UN troops, but voiced displeasure at the UN stance.
Agencies

L. Daniel reports from Tel Aviv: Israel's inflation rate, already running at 60 per cent a year, will reach 80-100 per cent unless drastic Budget cuts are decided immediately.

Mr. Simha Ehrlich, Finance Minister, is expected to tell the Cabinet this at its next weekly meeting on Sunday. The meeting is to consider his new five-year plan, designed to reduce inflation to 30 per cent a year within four to five years.

The cuts, expected to total I£4bn (£85m) are expected to affect such public services as housing, communications, road construction, education and new hospitals, as the construction work in the Negev gets under way.

AMERICAN NEWS

Carter warns of Third World nuclear threat

BY DAVID BUCHAN IN WASHINGTON

REJECTION BY the U.S. Senate of the SALT II agreements with Moscow, announced on Wednesday, would be a blow to world peace and might push other countries into developing nuclear arms, President Carter warned yesterday.

Stressing the merits of the treaty from which both the U.S. and the Soviet Union would "reap tremendous benefits," the President nonetheless took up, at a White House businessmen's briefing yesterday, the wider, non-proliferation argument for the pact.

A two-thirds majority of the Senate is needed to ratify the treaty. Though a final vote may not come until late this year or early in 1980, immediate reaction on Capitol Hill yesterday showed that the Administration faces a tough struggle to garner the votes. Senator Edward Kennedy, a heavyweight in the pro-SALT camp, which is estimated to number about 40 senators, pledged to "do everything in my power" to aid ratification.

Typical of the anti-SALT contingent, said to number about 20, was the reaction of Senator Jake Garn, who claimed that "lasting peace cannot be achieved through an inequitable, unverifiable treaty that will give the Soviets a war-winning capability."

More ominous for the Administration, which fears that any treaty revisions by the Senate will prove unacceptable to the Kremlin, were demands by Senators Henry Jackson and Howard Baker (the Republican leader) that changes be made.

But if the treaty dies and a nuclear arms race ensues, President Carter warned that countries with a nuclear or near-nuclear capability "like Pakistan, India, Taiwan, South Korea, South Africa and others I won't name here, would feel that there was no longer any constraint on them."

Pakistan's current bid to build a uranium enrichment plant, with a clear military potential, is uppermost in the Administration's mind—while other countries which Mr. Carter was too tactful to name could include Israel.

Other U.S.-Soviet arms negotiations, which could either set an example to near-nuclear countries or stem the spill-over of superpower military rivalry into the Third World, have so far achieved nothing.

Discussions in Geneva on a ban on all nuclear explosion tests have deadlocked on the issue of how long the ban should be in force. U.S.-Soviet negotiations to restrain arms shipments to the Third World broke up in some acrimony last December, and have not resumed.

However, the Russians have shown new interest in breaking the long logjam in the NATO-Warsaw Pact force reduction talks in Vienna, by taking the unusual step of approaching the U.S. bilaterally in recent weeks.

U.S. officials say these bilateral talks in Washington did not solve the basic issue—the need for the Soviet Union to admit that it and the Warsaw Pact have larger forces than the U.S. and NATO, and thus must make a larger cut.

Senator Kennedy . . . pro-SALT heavyweight

But the same officials note that under SALT II, both superpowers are to exchange data on their nuclear forces, and this might set a precedent for the revelation of information on Warsaw Pact conventional forces.

President Carter is considered certain to raise with President Leonid Brezhnev, at their planned summit next month, the issue of superpower rivalry outside Europe, highlighted again by reports this week of Soviet submarines again using bases in Cuba and, for the first time, in Vietnam.

Brazil devaluation of 4.16%

BY DIANA SMITH IN RIO DE JANEIRO

FOR THE seventh time this year, the cruzeiro has been devalued against the basket of hard currencies. The latest adjustment, of 4.16 per cent, puts the rate at Cr 24.63 to buy and Cr 24.77 to sell against the dollar.

The new adjustment is the largest single devaluation since the Brazilian authorities instituted the system in 1966; it brings devaluation for this year to 18.55 per cent, compared with 8.5 per cent for the first five months of 1978.

Exporters have been asking for a large, one-off devaluation, but the Government has resisted this on the grounds that the immediate inflationary pressures would be intolerable. However, the mini devaluations are becoming bigger and more frequent.

The April inflation rate of 3.8 per cent, while high, was a substantial improvement on March when it surged to 5.8 per cent. The mid-April Government package of cuts in public spending, tighter controls on food prices, reduction in hire purchase surcharges and ceilings on foreign borrowing seems to have had at least a psychological effect.

The overheated, sectional inflationary expectations which were considered responsible for the dramatic March rate have been reduced. If lower rates can be maintained from now on, inflation by the end of the year should total about 45 per cent.

Having pared $2.35bn from Government budgets in April, the authorities will now make a further cut of $1.7bn in an attempt to cool the economy.

A substantial recession, so far, is rejected by most Ministers because of its effects on employment and social problems in a period when trade unions are becoming militant and the public more outspoken.

Industrial production, despite widespread strikes in March, showed few signs of cooling: in the first quarter it grew by 14 per cent compared with 8 per cent in the first quarter of 1978. The Government had been aiming at more moderate economic growth this year.

Trudeau pledge of referendum on constitution

By Victor Mackie in Ottawa

MR. PIERRE TRUDEAU, the Canadian Prime Minister, has said that he will hold a national referendum on the constitution if he is unable to get the agreement of provincial premiers to his constitutional proposals.

The Prime Minister said that Canada was "the only independent country in the world that does not have the power to amend its own constitution at home."

He told supporters at an election rally in Toronto that he was seeking a "mandate" to try again for a constitutional amending formula. "Failing that, we will bring it back and consult the Canadian people in a referendum," he said.

The Canadian constitution is based on an 1867 British Act of Parliament and can in theory be changed only by the British Parliament.

The Prime Minister said that after the May 22 election he would seek the premiers' agreement on patriation of the constitution.

Row over radio licence erupts in Bermuda

BY KEITH HUNT IN BERMUDA

ALLEGATIONS of a conflict of interest have been made against Bermuda's Premier, his brother the Mayor of Hamilton, and the Minister of Home Affairs after the Government refused to grant a licence for a third radio station on the island.

Mr. Anthony Palmer, British lawyer, alleged in the Bermuda Supreme Court that Mr. David Gibbons the Premier, and Mr. John Swan the Home Affairs Minister, were involved in a "coverup" operation. Both the Premier and his brother, Mr. Graham Gibbons, have shares through their jointly-owned Gibbons Group of companies in Capital Broadcasting, operator of one of the two existing radio and television stations, ZFB.

When Mr. Swan refused St. George's Broadcasting a radio licence in September last year he had 332 shares in Capital. He sold them in March.

Mr. Palmer, counsel for St. Georges, also claimed that "half the Cabinet" had shares in the only other radio and television station, ZBX.

Four Ministers held shares and the Premier, who is also Finance Minister, is holding through his and his brother's company, Edmund Gibbons Ltd. Mr. Palmer has asked Mr. James Astwood, the Chief Justice to quash Mr. Swan's decision to refuse the licence to St. Georges and order that it be reconsidered.

Mr. Robin McMillan, counsel for the minister, questioned whether Mr. Palmer was alleging a conspiracy together or separately by the Premier and Mr. Swan. Mr. Palmer replied that in some cases it might point to covering up by the Premier and in others by the Minister.

Any reference to the premier's financial interests were irrelevant and misleading said Mr. McMillan. The St. Georges Company had been aware of the Minister's interest in Capital before its licence application was made.

Violence grips Central America

BY HUGH O'SHAUGHNESSY

AN ATMOSPHERE of crisis gripped much of Central America yesterday as El Salvador, Nicaragua and Guatemala continued in the shadow of violence.

In Nicaragua, where General Anastasio Somoza, the President, faces widespread popular unrest against his family's 42-year rule, heavy shooting was reported by the Red Cross from the northern city of Matagalpa, which appears to be partly under the control of the Sandinista guerrilla movement. A bomb was reported to have exploded near the Plaza hotel.

The Sandinistas are expecting to mount further pushes against the Somoza Administration shortly. The guerrillas have received a good deal of support from Social Democrat sources in Europe, notably in Sweden, and are hoping for further aid from the Iranian Government.

Father Ernesto Cardenal, the Nicaraguan poet and a member of the Sandinista movement, visited Tehran last month and received promises of support from the Government of Ayatollah Khomeini.

In San Salvador, thousands of mourners were expected to join the funeral procession of the 19 people killed after the National Guard opened fire on demonstrators in the main square and on the steps of the cathedral in the city centre last Tuesday.

General Humberto Romero . . . safe passage for guerrillas

The cathedral and the French embassy continue to be occupied by the Popular Revolutionary Bloc (BPR). The BPR is a hitherto legal political grouping made up of student organisations, the principal teachers union (ANDES) and some 15,000 members of the FECCAS/UTC, a peasant organisation sponsored by the Catholic church which was last year declared illegal by the Government of General Humberto Romero.

BPR members who had stormed the Costa Rican embassy in San Salvador arrived on Wednesday night in the Costa Rican capital San Jose, having evacuated the mission under safe conduct and asylum facilities offered by the Salvadorean and Costa Rican Government.

There is still no news however of the fate of the two managers of the San Salvador branch of the Lloyds Bank subsidiary, the Bank of London and South America who were kidnapped by the ultra-Left-wing FARN guerrilla group on November 30.

The FARN is reported to be a small tightly knit group of activists—perhaps no more than a few hundred at the outside—who have few links or sympathy with the BPR. Both groups however have been in constant opposition to the Government of General Romero which came to power in February 1977 after elections which were widely regarded as fraudulent.

In Guatemala City troops and police continue active and vigilant. More than 100 political murders a month have been reported this year, notably those of left-of-centre leaders such as Sr. Alberto Fuentes Mohr and Sr. Manuel Colom Argueta, former mayor of Guatemala City.

Motorists face up to U.S. petrol shortage

By David Lascelles in New York

THE petrol shortage long predicted in Washington but disbelieved by the U.S. public has finally struck. Queues at petrol stations, "Sorry, we're outta gas" signs, soaring prices, and wrangling in Congress over rationing, have raised the spectre of a fuel shortage just as the hard-driving summer season begins.

In fact, the situation is not yet as serious as it looks. The Press and TV have deluged the public with pictures of queues in California, the State where people almost live in their cars, and where the situation is worst. Elsewhere, there are spot shortages of particular types of petrol which have led to closures or voluntary rationing, causing inconvenience rather than disruption.

However, supplies are perilously close to levels at which shortages could develop nationwide, sparking off panic-buying which would make the shortage worse.

Oil analysts maintain that the country needs stocks of at least 220m barrels simply to keep the distribution system going and maintain an even flow to all points of the country.

According to figures published yesterday by the American Petroleum Institute, the oil industry trade group, stocks now stand at 232m barrels, giving the country a safety margin of only 12m barrels, the equivalent of less than two days' national consumption.

Although this figure rose for the first time this week, from 231.7m last week, it is nearly 17m barrels lower than last year, and consumption is higher.

The reasons for the shortage can be found on both the demand and supply sides of the market.

Disruption

Oil companies have been warning for months that shortages were looming because of disruptions to the world oil market due to the Iranian crisis. But, because of its delayed impact (oil already in transit to the U.S. kept supplies up even though Iran had stopped producing), these warnings were widely disbelieved. Scepticism was rife not just among motorists but also in Congress which has been very reluctant to grant President Carter rationing powers.

Most refiners announced cutbacks in deliveries to their customers earlier this year by 10 per cent or more on last year's levels, meaning a possible shortfall of up to 20 per cent due to the rise in consumption.

Demand for petrol has also proved to be highly price elastic. Although the price of the average gallon in the New York area has risen from about 70 cents to over 90, an increase of 30 per cent in a year, there has been little or no perceptible drop in consumption.

Economists say this is because even at a $1 a gallon, petrol is still a bargain: Europeans paying more than twice this price would understand why.

National consumption of petrol is shooting ahead faster than any other major oil product. It was 4 per cent higher in this year's first quarter than last year's, demand for residual fuel dropped by nearly 5 per cent, suggesting that calls for conservation are heeded by the homeowner and industry rather than the motorist.

The strain on the gasoline market has also shown up the weaknesses of the U.S. refining and distribution system. This has emerged most strongly—and ironically—in California, a state which only six months ago was suffering from a glut as oil poured in from Alaska.

Tough environmental and other regulatory controls on refining have distorted the industry, encouraging a mushroom growth in small uneconomical refiners, and virtually putting a halt to any major new refinery development. The system is therefore unable to cope with sudden changes in the market. Even long term trends, like the growth in demand for unleaded gasoline, impose a strain.

Culprits

Unleaded petrol, or rather the lack of it, is one of the culprits in the mounting crisis. It is mandated for the country's new generation of less-polluting cars because it does not destroy the catalysts in the exhaust system which limit harmful emissions. However, it is in short supply for several reasons.

According to Standard Oil Indiana, the country's largest marketer of premium unleaded, the share of unleaded in total petrol production has risen from 20 per cent in 1976 to an estimated 40 per cent this year, and will come close to 50 per cent next year. Although shortages have been most acute in unleaded petrol, to a public which does not understand the technicalities, it looks as if all petrol is short.

WORLD TRADE NEWS

JAPANESE CONTRACT SUSPENSION

China seeks to re-negotiate terms

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

THREE Japanese trading companies, which signed plant export contracts with China last December, have received telex messages from the appropriate Chinese import corporations suggesting their contracts be re-negotiated, it was revealed yesterday.

The companies are Mitsui, C. Itoh and Marubeni. All had earlier been informed by China that implementation of their contracts was being "suspended" as a result of the failure of the Chinese Foreign Trade Ministry to grant import licences within the 60-day period stipulated in the original contracts.

Mitsui, which signed three plant contracts with China last year, is understood to have been asked to send a delegation to Peking to renegotiate one of the three, a petrochemical complex.

Marubeni is thought to have been asked to discuss revised payment terms and specifications for a fertiliser plant, while C. Itoh is being asked to renegotiate contracts for a chemical fibre and an aluminium plant.

China's main concern in demanding the renegotiations appears to be aimed at substituting deferred payment terms for the cash terms written into the original contracts.

The Japanese suppliers, while not objecting in principle to deferred payment terms, take the view that contract prices may have to be adjusted upwards if China no longer intends to pay cash.

The Japanese plant exporters still hope to negotiate a collective formula for revising the suspended contracts as a deterrent to any effort by China to "play off" different companies against each other.

There also remains a possibility that China might still decide to pay cash on some contracts if it is successful in concluding a $2bn (£985m) syndicated loan agreement with Japanese commercial banks.

Talks on the loan are to start next Monday, when a Chinese banking delegation, headed by the general manager of the Bank of China, arrives in Tokyo for a 10-day stay.

Whatever happens to the various plant contracts, China appears irrevocably committed to one major project—the $2bn Shanghai integrated steel plant, for which Nippon Steel is the main contractor.

Site preparation for the Shanghai plant began last year, and it is understood to be already more than half completed, so that cancelling or postponing the project now would entail heavy losses.

China does, however, hope to persuade Nippon Steel to accept deferred payment terms for the Shanghai plant, instead of cash terms written into the original contract.

British nuclear process for U.S.

BY DAVID FISHLOCK, SCIENCE EDITOR, IN HAMBURG

WESTINGHOUSE Electric, the leading U.S. nuclear plant manufacturer, has licensed a new British chemical process for making nuclear fuel for its reactors.

Westinghouse has just announced that it is building a new factory in Alabama to make 400 tonnes of uranium oxide fuel a year.

The British technology was developed at the Springfields factory of British Nuclear Fuels, near Preston, where it is already in large-scale operation.

The process takes uranium which has been "enriched"—a step which increases the proportion of fissile atoms—and converts it into a highly purified ceramic powder. The uranium oxide powder is then pressed into pellets of nuclear fuels.

BNFL's integrated dry route makes the conversion to oxide powder in a single continuous and tightly controlled stage, which six process steps were needed before, says BNFL executives.

"We see it as a major achievement to sell process technology to a leading water reactor supplier," said Mr. George Inglis, director of BNFL responsible for fuel manufacture.

Westinghouse—which had previously been developing its own process—will make a down payment and pay BNFL a royalty calculated on output.

A new factory built by Franco-Belge de Fabrication de Combustible's nuclear fuel factory in the South of France, making fuel for the Westinghouse-designed reactor in France, is already using the process under licence. BNFL is also hoping to negotiate similar technology licences with companies in Spain and Italy.

Sweden's foreign company bill criticised

By William Dullforce in Stockholm

SWEDEN'S Federation of Industries and Employers' Association yesterday urged the Government to drop proposals for what it called restrictive and discriminatory legislation against foreign companies in Sweden.

The proposal, contained in a report prepared by the Ministry of Justice, would discourage investment, reduce employment and provoke reprisals against Swedish exports and investments abroad, the industrialists and employers said in a statement issued jointly with the Swedish chambers of commerce, wholesalers and small businessmen's organisations.

The nine legal experts commissioned by the Ministry to prepare the report, in fact, disagreed and submitted three different proposals in their report.

Four recommended the introduction of a licensing system for foreign companies, giving the authorities power to control products, investments, research spending and employment levels.

Two experts agreed to a licensing system, but would leave the operating conditions of foreign companies open to negotiation with the authorities. Three advocated equal treatment with domestic companies.

The two discriminatory proposals were not based on evidence of any misbehaviour by foreign companies but on suppositions about theoretical risks, the employers and industrialists stated. They conflicted with principles Sweden had already accepted in several international agreements.

Mr. Thomas Hagdahl, the federation's legal director, told a Press conference that the proposals had already provoked strong reaction abroad. He underlined Sweden's vulnerability to reprisals — foreign investment in Sweden was only a fraction of the investments abroad by Swedish companies.

Last week Denmark's Federation of Industries asked its Minister of Commerce to convey to the Swedish Government its vie wthat the proposed legislation was "toally unacceptable" and would seriously jeopardise good relations between the two countries.

UNCTAD CONFERENCE

McNamara hits at rich nations

MANILA—World Bank President, Robert S. McNamara, yesterday accused industrialised nations of attempting to punish the weaker and poorer members of the international community.

As a consequence, the developed world's consumer is the victim, he said. In a hard-hitting speech at the fifth session of the United Nations Conference on Trade and Development (UNCTAD), he said the developed countries had introduced a large number of new restrictive measures in the past four years.

Mr. McNamara said the progress made in economic development and international co-operation during the past 25 years could be undermined if nothing is done to resist and roll back trade protectionism.

He pointed out that a recent study showed that the effects of protectionist measures imposed by the U.S. between 1975 and 1977 resulted in a cost to consumers of $600m in sugar, $1.25bn in carbon steel, $400-$800m in meat, and $500m in television sets and $1.2bn in footwear.

AP-DJ

Philip Bowring adds: The visit of the Japanese Prime Minister, Mr. Masayoshi Ohira, to the conference, billed as an indication of the importance that Japan attached to the proceedings, has been a disappointment.

Despite the earlier build-up, Mr. Ohira offered no new Japanese initiatives, and no new commitments on aid or trade. He expressed sympathy for the developing nations but said their problems could not be solved unless they were prepared, like Japan, to "devote the requisite will and effort to their own development."

Plessey bids for Ivory Coast airport deal

BY MARGARET HUGHES IN ABIJAN

A TEAM from Plessey Radar is currently negotiating with the Ivory Coast Government for final details of a contract to undertake a study and basic design proposals for what will effectively be a new airport here.

The Ivorian Government wants to establish a second runway, a new terminal building, control tower and associated facilities which is expected to involve an investment of over £100m.

Plessey expects to finalise the study contract worth about £7m in the next few weeks with the aim of completing the study within a year to 18 months when the contract for the project itself will be awarded.

Plessey would be a strong contender to undertake the project. It would do so on a similar basis to the £27m contract which it is at present carrying out to extend and improve the existing runway and associated facilities at Abijan—mainly to facilitate the handling of Jumbo jets.

As well as supplying the aviation and navigation equipment, the company is also responsible for the management and co-ordination of the whole £50m project, including the civil works. This is being undertaken by a local Government controlled contractor SONAGECI.

This contract, which was awarded to Plessey in November 1977, after several years, negotiation, is the largest contract to be placed with a UK company and represented a considerable breakthrough in this Francophone country where French investment and industry still dominates.

As part of its original contract, Plessey was commissioned to undertake a study of the future traffic requirements and development of Abijan Airport. At that stage, a second runway some three kilometres adjacent to the existing one, was contemplated with expansion of the existing handling facilities to cope with the increased traffic.

Since then, however, the Ivorian Government has revised its plan: Because of the long-term limitations of the existing location which is between the lagoon, Lagune Ebrie, and the Gulf of Guinea, it has decided to re-site the new runway from 9 to 10 kilometres to the east.

PENETRATING THE MEXICAN MARKET

Foreigners compete for joint ventures

BY WILLIAM CHISLETT IN MEXICO CITY

IT HAS BEEN six months since Britain held its largest single overseas promotion for 1978 in Mexico—the British Industrial Exhibition.

Since then, British businessmen have been arriving here in unprecedented numbers to weigh up the potential of oil-rich Mexico and to judge whether there is a role for them in the expected economic boom.

British exports to Mexico in January totalled £8.4m, a 50 per cent increase on the same month the previous year. Just under half this total was made up of diesel engine components and tractor parts. These usually take up 30 per cent of Britain's total Mexican exports, but this year they look like taking up an even larger slice.

While it is too early yet to tell whether such an increase was a direct result of the exhibition, there is no doubt that the promotion has put Mexico on the map for British businessmen.

Last year British sales to Mexico were £108.6m and purchases £41.6m as against £79m and £40.8m for 1977. A trade surplus larger than last year's of £67m is expected this year.

"The Mexican market is now growing at something like 10 per cent a year, and sectors like petrochemicals even more," said a Mexican banker, closely involved in joint venture projects. "There is no other market, certainly in Europe, which is expanding at the same rate. The market in Mexico is thus very attractive."

It is estimated that since the exhibition last November, when about £5m in business was booked, at least 50 British businessmen a month have arrived in Mexico seeking advice on joint ventures or promoting their products. Prior to that a trickle of businessmen came through Mexico.

The Birmingham Chamber of Commerce sent a large mission through this month. In August the Clothing Export Council pays a visit, and in November the Scottish Council for Industrial Development arrives. The British Embassy here is already working on a substantial list of applications for missions for 1980.

An important challenge for foreign businessmen in Mexico is to develop the right approach. The Mexicans do not like the hard-sell approach and have sometimes turned a cold shoulder to large trade missions. They tend to prefer a more personal, less abrasive touch frdm prospective partners.

N. M. Rothschild and Sons in Mexico estimate that about 15 companies a month are coming to them for serious advice on joint ventures. Since the exhibition Hawker Siddeley, Parsons Peebles, and the Weir group have set up joint ventures bringing to 76 the number of British companies operating in Mexico either in local joint ventures, in holding companies or as wholly-owned British enterprises.

And GEC recently established a corporate presence in Mexico City with a brief to find investment partners, particularly in the field of transportation.

The race is clearly on, and despite the greatly increased British presence here, those involved in the field of joint ventures feel Britain is still not aware of the "international competitiveness" taking place now that the spotlight is on Mexico.

The French, in particular, are making up for their time lost when they tended to regard Mexico as little more than a rather large Latin American backwater.

President Giscard d'Estaing was here in February, and last month the Mexican Industry Minister headed a delegation to Paris. The British Foreign Office managed to persuade the Minister to stop off in London, but no high level visit could be arranged as the British election campaign was in full swing.

One of Mexico's strongest assets it is 50 years of political stability under the governing Party of the Revlutionary Institution (PRI).

Nevertheless, as one Mexican businessman recently pointed out:

"You tend to regard all Latin America as the same. You think that because there is political instability in Chile and Peru then it must be the same in Mexico."

Few complaints from British businessmen are heard of the Mexican foreign investment law which limits foreign investors to 49 per cent ownership, although in some cases 100 per cent ownership is permitted. One businessman did confess that: "Mexico needs all the jobs it can get, so it should adopt an open door policy." But there is little chance that the Government will change its policy of directing foreign investment only to its priority sectors, like capital goods and agro-industry.

One problem, however, is the approach. Mexican businessmen do not like the en masse, hard sell and prefer the more personal, less abrasive style. Earlier this year a large group of representatives from 35 European oil equipment manufacturers visited Pemex, the Mexican state oil monopoly, with much trumpeting, and were given the cold shoulder.

More recently a joint venture was set up between a Scottish concern and a Mexican company to identify and supply expertise and materials for the Mexican oil industry. The Mexican company has a member of Pemex on its board and, according to one of the joint venture's directors, "everything is going very well."

In effect, developing the right contact in Mexico is vital.

An added boost for British-Mexican trade relations should come later this month when the line of ECGD guaranteed credit of $10m between Banco Nacional de Comercio Exterior, the Government's foreign trade bank, and N. M. Rothschild comes into operation.

The line of credit will cover purchases of British capital goods and associated services, and will finance up to 85 per cent of the value of contracts placed by Mexican importers with British exporters.

Triang aid plea rejected

BY ROBIN REEVES, WELSH CORRESPONDENT

A LAST-DITCH effort to salvage part of the Triang-Pedigree toy company, Merthyr Tydfil, South Wales, was ended yesterday by Mr. Nicholas Edwards, new Secretary of State for Wales.

This move was immediately interpreted by Welsh trade union leaders as first evidence of the Government's hard-line approach to job-rescue attempts.

Mr. Edwards' decision was to reject a request for selective financial assistance under Section 7 of the Industry Act towards relaunching a slimmed-down version of Triang, as a joint venture between Morris Vulcan, a Midlands toy company, and the Welsh Development Agency, Wales's equivalent of the National Enterprise Board.

A Welsh office statement said Morris Vulcan's request had been turned down because "the project was not viable." It is understood the company was seeking an interest relief grant.

Triang into liquidation after 12 for a number of years. But a crisis was precipitated last December when Mr. John Morris, Labour's Welsh Secretary, decided to discontinue funding the company's losses, a move which began to force Traing into liquidation after 12 months of operating under a receiver-manager.

But since then, efforts have continued to try to salvage the company, initially as a going concern employing the whole 300-plus workforce and, more recently, as a smaller venture employing around 70 on Triang's still profitable lines.

The rescue attempt was spurred by a strong trade union campaign against closure and a work in" by part of the original labour force. Yesterday, a number of former employees staged a demonstration to prevent machinery being taken away from the Triang premises. An auction of Triang's assets has been scheduled to take place shortly.

The WDA confirmed last night that it had held prolonged negotiations with Morris Vulcan and had been prepared in principle to invest on a 50-50 basis with the company in a new enterprise to enable the operation to continue on a reduced scale.

"The agency, which is required to earn a return on any *investment it makes*, was willing to proceed with the project, only if the company could secure a Government grant to offset the substantial reorganisation costs involved in the first few years," the statement said.

"The agency has now been informed that the company's application for government grant has not been successful, and the proposed joint venture will therefore not proceed."

The Wales TUC issued a statement deploring the decision and accusing the Government of callous disregard for the Triang employees' interests. It was particularly concerned for the employees who had stayed together in the reasonable expec*tation that a smaller but viable* organisation was being created with the aid of the WDA.

● John Elliott, Industrial Editor writes: The speed with which the Welsh Office has taken the Triang decision following the general election caused surprise at the Department of Industry in London last night. There are a number of similar decisions to be taken on industrial aid applications from other parts of the country. Sir Keith Joseph, Secretary for Industry, has not shown any sign of being prepared yet to attend to such *detail. They include the Prest*cold factories in Glasgow, now held by the National Enterprise Board, the Wheal Jane tin mine in Cornwall and the workers' co-operatives at Kirkby and Meridan.

BP fights for oil tax freeze

BY KEVIN DONE, ENERGY CORRESPONDENT

BRITISH PETROLEUM yesterday stepped up oil industry pressure to persuade the Government against raising North Sea oil taxes.

The Labour Government proposed raising the rate of Petroleum Revenue Tax from 45 per cent to 60 per cent in this year's Budget and also intended to reduce the various allowances available under the present oil taxation regime.

Before the General Election the Conservative Party energy spokesman made clear that the Tories also believed on increasing the rate of the tax could be justified by recent oil price increases. Sir David Steel, chairman of BP, said yesterday that under the present tax and royalty system the company would already pay 77 per cent of the profits from its North Sea Forties Field to the Government.

In an address to BP's annual meeting he said that the company had not held any discussions with the Government about the possible sale of the state's shareholding in BP. No approach had been made by the Conservative administration.

The company is considering a scrip issue in the autumn, however, to reduce the unit share price, which is now standing at £11.78. This is by far the highest price of any widely held stock on the London Stock Exchange.

Shell recently announced a similar move to reduce the market value of its shares, which now stand at £7.88.

"The proposals made last year would increase this to 83 per cent which I maintain does not leave BP an adequate reward," he said. Without the profit from the Forties Field and trust in a stable tax regime, BP would be unable to develop the £1.25bn Magnus Field.

The investment in the much smaller Magnus Field will be three times higher than that needed for Forties (in terms of the cost per peak daily barrel).

"Without these investments North Sea production cannot be sustained at self sufficiency levels in the 1980s," Sir David said.

In common with the rest of the world's major oil companies BP is expected to report greatly increased profits this year. Sir David said yesterday: "I would expect to see last year's trend towards higher quarterly profits to be continued into the first quarter of this year partially as a result of some hardening of product prices and stock profit." Last year BP made a net profit of £444m.

BP's sales of crude oil in the first three months of the year, excluding Sohio, were down by about 50 per cent following the 10-week stoppage of crude oil exports from Iran. Sales to the British National Oil Corporation under the Government's *participation agreement* were unaffected, however, and totalled about 160,000 barrels a day.

CBI deal on Centre Point near signing

By John Elliott

THE Confederation of British Industry is on the brink of signing a contract to become the first major tenant of London's controversial Centre Point office block which has been almost empty since it was built in 1965.

After several months of negotiations, the CBI now plans to move in by July next year, subject to various legal points being completed. An announcement may be made next week at either the CBI's annual general meeting or its monthly council meeting.

The main details of a lease which will run for 45 years were settled at a meeting last Friday between Sir John Methven, CBI director general, *and Mr. Harry Hyams*, the property developer who built the block and who is chairman of *Oldham Estates*, now controlled by the Co-operative Insurance Society.

Since that meeting, Sir John had informed the CBI's 400 headquarters staff of the progress of the negotiations. The CBI will take over the bottom 15 floors of the block at a rent believed to be about £8 a square foot. The first rent review will probably be after five years.

It will spend between £2.5m and £3m *turning* the 15 floors into suitable office accommodation and in converting podium-level showrooms into a council chamber. The money will be raised on the freehold of the CBI's existing headquarters in Tothill Street, near Parliament Square.

The name Centre Point will not be changed. Other tenants are believed to be considering moving into the top 15 floors.

Government borrowing in April up almost 300%

BY DAVID FREUD

BORROWING by central government last month was nearly three times larger than in April last year, according to official spending and revenue figures given yesterday.

But a major part of the difference is explained by the effects of industrial action in holding up VAT payments and by different patterns of borrowing by state bodies from the central Government.

The figures are more obscure than usual because they cover only the first month of the financial year, so it is too early for a trend to be established.

And because there has been no full Budget, with figures to show projected borrowing, there is nothing to measure the outcome against.

Last month central government borrowing was £1.25bn, compared with £446m in April, 1978, a difference of £800m.

About half consists of a shortfall in Customs and Excise receipts into the Consolidated Fund, the account through which most central government *income and expenditure passes*.

The industrial dispute by civil servants means Customs and Excise receipts — mainly VAT—totalled £1bn last month, about £300m less than April 1978 and £400m below the expected figure in line with increased spending.

Consolidated Fund revenue was £3.3bn last month, compared with £3.4bn in April 1978. Expenditure was £4.1bn, compared with £3.8bn.

A further £280m of the difference between April 1979 and April 1978 comes from higher borrowing from the central government loans fund by nationalised industries and local authorities.

In particular, there was a change in the position of the electricity industry. It repaid £56m in April last year and borrowed £92m this year, reflecting an early repayment of an overseas loan.

Local authority borrowing, less than expected in April last year at £232m, soared to £322m this year.

Wainwright takes Pardoe job

BY IVOR OWEN

MR. RICHARD WAINWRIGHT, Liberal M Pfor Colne Valley, is the party's new spokesman on Treasury and economic affairs in succession to Mr. John Pardoe who lost his North Cornwwall seat at the General Election.

He was assigned this key role yesterday by Mr. David Steel, the Liberal Leader, when places in his reduced team in the Commons—now down to 11—were decided.

Mr. Cyril Smith, MP for Rochdale, takes over as spokesman on industry and employment, while Mr. David Alton, who consolidated his earlier by-election success in the Edge Hill division of Liverpool, will deal with housing and local government.

Mr. Jo Grimond, the former Liberal Leader, will be the party's chief spokesman on Foreign Affairs, assisted by Lord Gladwyn, who will shadow Lord Carrington, the Foreign and Cmomonwealth Secretary, in the House of Lords.

In the course of a distinguished diplomatic career Lord Gladwyn was Ambassador in Paris and Britain's spokesman at the United Nations. He now becomes a member of the Liberal Shadow Cabinet.

Small businesses and the self-employed will be among the responsibilities of Mr. Geraint Howells, MP for Cardigan and spokesman on Agriculture and Wales.

● A magnanimous gesture by Mrs. Margaret Thatcher to the man she deposed as Prime Minister marked the opening of proceedings in the Commons yesterday.

As the 635 newly-elected MPs began taking the oath of allegiance to the Queen and signing the Commons roll she beckoned to Mr. James Callaghan to leave his place on the Opposition front bench and join her at the head of the queue in front of her Cabinet colleagues.

Mrs. Thatcher was the first to sign the roll after the Speaker, Mr. George Thomas. Then came Mr. Callaghan, followed by Mr. William Whitelaw, the Home Secretary, and the remainder of the Government front bench.

A notable absentee from the ranks of his former Ministerial colleagues on the Opposition front bench was Mr. Anthony Wedgwood Benn.

Monetary target caution urged

By Peter Riddell, Economics Correspondent

CAUTION IN the enforcement of monetary targets has been urged by Professor Richard Sargent of the University of Warwick.

The major problem of monetary targets, according to Prof. Sargent, is not so much whether they can be accurately enforced as how they can ensure that there is enough feed-back from the constraint they imply upon prices to the constraint required upon wages.

Big bakers raise price of standard loaf by 1p

By Our Consumer Affairs Correspondent

THE PRICE of a standard loaf of bread is to rise by 1p after the Price Commission's decision yesterday to grant an interim price rise to the two big bakers, Ranks Hovis McDougall and Association British Foods.

But the increase allowed by the Commission is still only half the 2p per standard loaf increase which had been sought by the bakers. Their application for a price rise had been frozen for three months in a decision announced a week before the General Election.

Tory share plan for State airline backed

By Michael Donne, Aerospace Correspondent

SIR FRANK McFADZEAN, chairman of State-owned British Airways, backs any move to float half the airline's shares on the stock market to private enterprise.

This idea, mooted by the Conservative Party in Opposition, may become Government policy.

Sir Frank, interviewed by Financial Weekly, believes such a move would be "more like true accountability."

He says he finds himself "in complete accord" with Mrs. Thatcher on economic matters.

Builders seek homes policy clarification

BY ANDREW TAYLOR

AN IMMEDIATE clarification of the Government's policies on house prices and mortgage tax relief is being sought by the construction industry. Mr. Donald Moody, president of the House-Builders Federation, has called for an urgent meeting with Mr. Michael Heseltine, Environment Secretary.

Atthe same time the latest survey by the Incorporated Society of Valuers and Auctioneers shows that the price of an average house in Britain has risen by almost 28 per cent in the last 12 months.

Mr. Moody told a meeting of house builders in London last *night that he hoped* the Government would raise the £25,000 ceiling on mortgage tax relief as soon as possible—preferably in the forthcoming budget.

He would also seek an assurance that there would be no repeat of the last Government's intervention to *restrict the level* of mortgage lending by building societies. Last year's "misguided" intervention had little appreciable effect on house prices but a disruptive effect on confidence and the stability of the housing market.

"Only control of inflation and stabilisation of the increase in average earnings will, in turn, stabilise house prices. All the available evidence points to the tendency of house prices to settle down at a level of three times average earnings.

"It must be the principal task of this Government to restore confidence and remove the constraints that prevent housebuilders satisfying the strong underlying demand for new houses."

The ISVA survey shows that the price of an average house in Britain has risen by a further 7.8 per cent since its last survey in January. It also points to evidence of a re-emergence of gazumping with agents reporting that house buying has been "heating up over the past six to eight weeks."

The sharpest increase in house prices over the first few months of this year has occurred, according to the survey, in the North West where prices have risen by an average 8.8 per cent since January.

On an annual basis prices have risen fastest in the South *East*, up by an average *30.5* per cent. This is only marginally higher than the 30 per cent increase in the North East over the past 12 months. However, the price of an average house in the South East is now £27,847 compared with £21,453 in the North West and £18,919 in the *Midlands*. z

The survey shows that nationwide the price of an average house has risen from £17,670 to £22,594 in the last 12 months.

Lloyds Bank allocates £20m more for home loans

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

LLOYDS BANK is allocating another tranche of £20m for home loans, only four months after it became the first clearing bank to enter the mortgage market.

At the same time Lloyds has reduced the threshold for a minimum loan from £25,000 to £20,000, which means that houses valued at £25,000 could qualify. The bank's first allocation of £20m has been taken up by *some 600 home loans*.

The terms under which Lloyds is prepared to lend include a 20-year repayment period, loans up to 80 per cent of the house value and a maximum of 2½ times the individual's earnings. Interest is charged at 3 per cent over bank rate, giving a total rate of 15 per cent at the present time.

Mr. Fred Crawley, deputy chief general manager at Lloyds, said yesterday that the bank intended to expand this area of its lending "considerably" as soon as restrictions on bank lending are eased. According to the experience of U.S. banks, Lloyds could increase home loans, on the basis of its latest balance sheet, to a total of about £300m.

Clocks and watches fetch £180,000

BY PAMELA JUDGE

CLOCKS and watches went under the hammer at Sotheby's yesterday to the tune of £180,150. The highest price was £18,000 by P. K. Weiss for a heavy gold-cased Tourbillon watch by Charles Frodsham.

A small walnut marquetry longcase clock signed John Wise, and which may be dated 1680, went to de *Havilland for* £5,000. Musa gave £4,800 for a gilt metal pair-cased verge clockwatch by T. Best.

In a sale of European watercolours by the same house, Mrs. Baer gave £19,000 and £14,000 for two works by Adolf von *Menzel*. A Mexican buyer paid £11,000 for a picture by Anders Zorn. Works formerly owned by the Duke of Argyll made £10,400 in the sale.

BoBnhams made a world record for a one-day sale of Great Britain-only stamps at £325,000. A proof sheet of Penny Blacks (1840) went for £7,500.

At the end of yesterday's sale of Russian works of art by Christie's in Geneva the amount realised so far this week totalled £3.8m. Russian items amounted to £316,017.

At Sotheby's Belgravia a Dutch buyer gave £2,200 for an automaton gramophone. J. Donovan paid £1,800 for a Jumeau-head automaton doll. The total for toys and other automata was £15,89.

UK NEWS

Dell attacks ministerial interference

BY PAUL TAYLOR

GOVERNMENT "interventionism" in the UK economy—particularly in the field of industrial policy—was attacked yesterday by Mr. Edmund Dell, the former Trade Secretary. He said governments were trying to do "too much" and linked this with a call for limited reform of the UK system of government.

Mr. Dell, who resigned as Trade Secretary last November to become deputy chairman of merchant bankers Guinness Peat, was giving one of three lectures at the London School of Economics and Political Science on British politics and government.

Reflecting on his experiences in the Cabinet, Mr. Dell said that too much should not be expected from reforms of the UK system of government but added that "certain things would be worth doing."

In particular, he suggested a re-think of the relationship between the Prime Minister, the Cabinet, Parliament and the public. It was time the country accepted the increasing presidential role of the Prime Minister and downgraded the doctrine of collective responsibility while emphasising the individual responsibility of Ministers for the work of government departments.

However, some of Mr. Dell's harshest comments were reserved for the growing administrative intervention of Ministers and departments in the economy.

Faults in the machinery of government were not the principal cause of error, he claimed. He suggested that errors arose from "mismanagement or because the policy is mistaken or because of the political pressure on weak ministers."

Governments in the UK were too large and took on, for political reasons, responsibilities they would be better without. Mr. Dell said the country would probably be better off if governments could be persuaded to attempt less.

Taking industrial policy as an example of the more recent extensions of government activity, Mr. Dell said this took "a great deal of ministerial time."

But he argued that the relationship between the amount of Cabinet time spent discussing industrial policy and Britain's industrial performance was "obscure."

Mr. Dell claimed there was a dilemma in democratic politics. Governments had limited influence over economic development but were judged by the state of the economy. It was therefore difficult to persuade any government—especially one facing economic difficulties—that they would achieve little by interventionism.

Nevertheless, governments were much better at slowing down change than promoting it and most of the good that could be achieved in the industrial field should be left to agencies such as the National Enterprise Board.

People and industry expect too much from Government, Dell said. As a result governments which, by keeping their interventions in a low key might do some "marginal good," were led into dramatic and costly interventions which "usually do a great deal of harm."

Linking the possibility for interventionism to constitutional matters, Mr. Dell argued that the doctrine of collective responsibility "exerts too much pressure to fudge issues, to find smooth formulae and to conceal what the real issues are." Collective responsibility diluted the personal accountability which, Mr. Dell claimed, was "already too lacking."

Continuing the argument, he suggested that the Treasury was too weak and that the structure of government reinforced pressure for high public expenditure while the lack of any constitutional limit on borrowing reduced the pressure on a government to face up to the tax consequences of its profligacy.

As part of the solution Mr. Dell argued for a stronger role for the Chancellor of the Exchequer in conjunction with "a more Presidential" role for the Prime Minister.

Turning to the relationship between the last Labour Government and the TUC, Mr. Dell said there were times when it seemed "nothing could be done without consultation with the TUC" and suggested that relations with the TUC "were a continuing constraint on economic policy."

Edmund Dell: Call for reformed system

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Howe urged to cut tax by 3%

BY DAVID FREUD

THE British Institute of Management has urged Sir Geoffrey Howe, the Chancellor, to cut the basic rate of income tax from 33 per cent to 30 per cent in the forthcoming Budget.

The institute said the top rate of tax should be reduced from 83 per cent to 75 per cent and personal allowances and higher-rate thresholds and bands indexed.

The recommendations are in line with other pre-Budget submissions by the institute over the last two or three years.

Mr. Roy Close, director general, said the proposals were a step in the institute's general strategy of seeking less overall taxation, a switch from direct to indirect tax, and support from the tax system in restoring differentials and incentives.

Minimum

He added that the institute was glad to note the general acceptance of these objectives during the recent general election campaign. "Naturally, we are anxious to see their implementation."

The institute said a neutral Budget should be a minimum objective. Assuming that the Government stood firm on cash limits, it would be necessary to find some £1.25bn to finance the tax cuts.

This could be achieved only by cutting public expenditure or by raising indirect taxes.

Referring to the specific tax cut proposals, Mr. Close said: "I would like to add that we do not regard these as being final objectives in our strategy, but simply an essential next step.

"We very much hope that in the near future more can be achieved, and if your judgment is that current circumstances warrant going further than the essential minimum that we propose we would certainly welcome further reductions this year," he said in the submission.

Local gains for Labour confirmed

By Paul Taylor

FINAL RESULTS in the local authority elections, held in England and Wales on the same day as the general election, confirm the expected gains for Labour.

Labour now has an overall majority in 81 of the 333 district councils and 36 metropolitan authorities in England and Wales having gained control of 32 local authorities and lost control in three.

The Conservatives gained control in six non-metropolitan districts and lost control in 18, including Cheltenham where the result was announced yesterday after four recounts. Labour gains included those in three metropolitan authorities, Sandwell, Coventry and Thameside but control of the powerful Association of Metropolitan Authorities is still in the balance because in six key metropolitan councils the Liberals hold the balance of power.

The Labour Party also won control of six out of the nine larger district councils with populations of over 200,000.

While Labour was expected to gain control of an additional 20-25 councils in the elections—because of the timing of the last series of local elections—the final results will clearly be welcomed as something of a consolation prize by the party in the aftermath of the General Election result.

Comparisons with previous elections were made difficult by boundary changes but out of 244 comparable results Labour gained 592 council seats and lost 88, the Conservatives gained 255 and lost 582, the Liberals gained 196 and lost 69, Independents gained 92 and lost 283 and "others" gained 47 and lost 160.

Steel production highest since November '76

By Maurice Samuelson

WEEKLY steel production in Britain last month was at its highest since November, 1976, as merchants rebuilt stocks depleted at the start of the year by bad weather and industrial action.

The average weekly output of 459,000 tonnes in April was 4.7 per cent higher than in March and 4.1 per cent up on April, 1978.

The British Steel Corporation's recovery was more marked than that of independent producers who were less seriously hit by the rail stoppages and haulage strikes.

The British Independent Steel Producers' Association, which accounts for some 18 per cent of national production, said that in the first quarter of the year its annual weekly average production was about 11 per cent higher than the same period last year.

British Caledonian plans new low-fare European network

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian, the independent airline, is planning a big new network of low-fare European short-haul services from Gatwick, and is discussing the purchase of a fleet of European A-310 Airbus aircraft.

Mr. Adam Thomson, chairman, revealing this yesterday, said the airline was starting a campaign to publicise the many cheap fares available on its scheduled and charter flights from Gatwick.

Mr. Thomson said the airline was applying to the Civil Aviation Authority for rights to fly scheduled services between Gatwick and 20 European cities—Athens, Barcelona, Cologne-Bonn, Copenhagen, Dusseldorf, Frankfurt, Geneva, Hamburg, Hanover, Helsinki, Lisbon, Madrid, Marseilles, Milan, Oslo, Rome, Stuttgart, Turin, Vienna and Zurich.

Fares on those routes, if approved, would be up to 40 per cent cheaper than current economy-class return fares.

The details of these have still to be worked out. But examples are. Copenhagen, £62 single, against £102; Athens, £106 single (£178 at present); and Rome £75 (against £124.50).

At the same time, Mr. Thomson said the airline was negotiating with Airbus Industrie in Europe for the purchase of three A-310 aircraft, worth about £50m, with an option on three more.

It had not yet committed itself to the Airbus, and it was up to Boeing of the U.S. to make a rival offer for its new 767 airliner. But, on present plans, British Caledonian "is leaning towards the Airbus," said Mr. Thomson.

Plans for the new network at cheap fares are not likely to be considered by the Civil Aviation Authority until later this summer and, if approved, could not become effective until next winter.

In the meantime, the airline is anxious to cut fares on some routes, and has asked the UK Government directly for permission to cut to £56 return the existing off-peak fares between Gatwick and Paris, Brussels and Amsterdam—routes the airline already flies.

Also, British Caledonian is conscious that the public may be confused by the widely varying fares offered by different airlines, and it wants to improve this situation.

It has now published "Mini-Prix," a guide to cheap fares on its existing European routes. This is available either directly or through travel agents.

The guide shows cheap fares already available on those routes.

Mr. Alastair Pugh, managing director of British Caledonian, said: "We have steadily been developing more meaningful low-fare opportunities for the consumer, and have decided that it is now important to consolidate the entire range within one sales servicing facility and under one brand name.

"Mini-Prix underlines B.Cal's commitment to low fares, and heralds the airline's plans for a major onslaught in the battle for lower air fares and new patterns of air services within Europe," said Mr. Pugh.

B.Cal's plans are considered certain to arouse bitter opposition from British Airways, which flies on all the proposed routes, but from Heathrow rather than Gatwick.

Ashley Ashwood

Mr. Adam Thomson (right), chairman of British Caledonian Airways and Mr. Alastair Pugh, managing director. The airline may buy the European A-310 Airbus.

Scots Trust resubmits £600,000 Iona offer

By Ray Perman, Scottish Correspondent

THE NATIONAL TRUST for Scotland yesterday re-submitted its £600,000 offer for the holy island of Iona and, simultaneously, launched a £1m appeal for the maintenance of the island and the upkeep of its historic buildings and sites.

The Argyll Trustees, who are selling Iona to pay death duties, rejected the bid two weeks ago. Their agents, Smiths Gore of Edinburgh, say that a price of £1.25m is expected. A number of firm offers have been made, although the island will not go on the market until the end of the month.

Package

The executive of the National Trust for Scotland decided yesterday that it would not increase its offer, but would try to put together a package which would secure the future of the whole island, including the abbey founded by St. Columba, and the graveyard of the Scottish kings, which are excluded from the sale.

The appeal is being made with the support of the Cathedral Trust, which is responsible for the historic sites, but is short of money. If the offer is again rejected contributors to the appeal will have the choice of having their money back or allowing it to be used for the upkeep of the buildings.

'Let consumers on to state industry boards'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SUPPORT for the proposal that consumer representatives should be appointed to the boards of nationalised industries has come from the Commons Select Committee on the nationalised industries.

In a report published yesterday, the committee suggests that there can be no better way for consumer representatives to be in a position to make informed judgments than giving them board membership."

But the committee acknowledges that the main avenue of consumer representation in the nationalised industries lies in the various consultative councils that have developed. The committee suggests that the over-riding aim for these councils must be to establish "the strength and independence to command the confidence of the public in their ability to help the individual in complaints against the industry."

Such a goal required greater access to information to enable consultative councils to "form responsible judgments on the future policy of the nationalised industries, including pricing policies."

The committee suggests that "the alternative is a number of toothless watchdogs barking at any form of price rise, regardless of its merits or the longer-term interest to the consumer."

The committee makes specific suggestions for improvements in the various consultative councils in line with its three principles of "information, power and representation."

Legislation to make similar changes, as well as allowing for board level representation, had been planned by the Labour Government before it fell.

Although the report acknowledges that the legislation will not now be introduced, it does not believe that the committee's time was wasted. It argues that the evidence and report from the committee means "it should be possible to bring forward a better Bill which can be more effectively examined."

However, the new Conservative Government, while anxious to keep a tighter check on the nationalised industries, is not believed to favour board-level representation for consumers.

The National Consumer Council last night welcomed the Select Committee's report and pointed out that opinion polls had suggested that seven out of ten consumers wanted consumer representation on boards.

"With their near-monopoly powers it is all too easy for the nationalised industries to raise prices or lower standards of service, instead of improving efficiency and cutting costs," said Mr. Jeremy Mitchell, the council's director.

Second Report from the Select Committee on Nationalised Industries: Consumers and the Nationalised Industries, HC 334, SO £3.75.

Fire affects nuclear plant repair work

By Ray Perman, Scottish Correspondent

FIRE YESTERDAY damaged temporary buildings being used by workmen repairing the crippled Hunterston B nuclear power station.

The station's two reactors were shut down at the time—one for repair and the other for refuelling. Nobody was injured.

Firemen had a routine radiation check, but the South of Scotland Electricity Board said there was no radiation risk.

Delay

The board could not say what caused the fire, which also damaged contractor's equipment and temporary electrical wiring. It could not say either if there would be further delay in restoring the damaged reactor to service.

Workmen have been replacing thermal insulation, soaked in sea water when a valve in the cooling system was left open in October 1977. It is taking far longer than was originally hoped, and the aim is now to have the reactor back in commission for the peak load this winter.

The cost of repair has risen to £10m, and the extra expense of relying on conventional power stations during the closure will total £30m.

Coal Board men 'should work with ecologists'

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

THE MINING industry need not fear conservationists and planners in seeking new sites, Mr. Bill Forrest, president of the Institution of Mining Engineers, told its annual conference in Coventry yesterday.

Mr. Forrest, National Coal Board engineer in charge of the Selby project, where it is planned to produce 10m tonnes of coal a year by the late 1980s, said the mining engineer had to be prepared to work with ecologists, conservationists and sociologists.

"But in the final analysis, we have to state quite firmly that Britain needs coal; and it is we, the mining engineers, who are going to provide it." Experience showed that co-operation, not confrontation, was the key.

The engineer not only had to create a safe and prosperous industrial undertaking, but also have "sympathy and a sensibility for the social environment."

Organisations such as the institution had an important role in ensuring that engineers had the opportunity to develop new skills and learn new attitudes.

Mr. Forrest said that for the coal industry to meet its commitments to energy requirements next century two large new coal mines would be needed each year in the period 1985 to 2000.

Footwear sales boost forecast, provided 'dumping' is stopped

BY CHRISTOPHER PARKES

GIVEN PROPER protection from "dumped" imports and a boost in quality and design standards, the British footwear industry can greatly improve sales on the home and export markets and even increase its workforce, according to a National Economic Development Council working party report published yesterday.

The report calls for immediate restrictions on imports from some low-cost suppliers and action to restore supplies of skins from developing countries which ban or limit hide exports.

Imports of footwear, which have climbed rapidly to 107.7m pairs in 1977, could be reduced to 105m by 1982, the paper says.

At the same time UK-made supplies on the home market should be raised from 139.3m to 145m pairs. Exports, too, should be boosted from 21m to 25m pairs.

The Government is urged to press the European Community for a review of present anti-dumping legislation, and retailers are asked to co-operate in pinpointing sources of "unfairly priced" imports.

The report also suggests that the EEC should make it a condition of al trade pacts with non-member countries that footwear imports will be allowed only from those countries meeting the conditions laid down in International Labour Organisation conventions.

New pacts and renewals should also be conditional on the non-EEC countries guaranteeing access for Community tanners to their supplies of hides.

India, Brazil and other Latin American countries at present ban almost all exports of hides. These controls have been largely blamed for the doubling of hide prices in Britain over the past 10 months.

"The severe and disruptive effects of rapid increases in the volume of imports from low-cost producers, and the high tariff, quota and other barriers which have been erected by more than 75 per cent of the world's footwear producers, mean that action by the industry must be matched by action by government to seek regularisation of the chaotic conditions affecting world trade in footwear."

National Economic Development Council, Footwear Industry Working Party Progress Report 1979.

Scottish chemicals output rises 57% in 10 years

BY RAY PERMAN, SCOTTISH CORRESPONDENT

OUTPUT FROM the chemicals industry in Scotland has increased by 57 per cent in the last 10 years, while manufacturing production as a whole has fallen by one per cent.

One of the main growth areas has been pharmaceuticals with companies such as Glaxo, Beechams, Hoffmann La Reche and Organon expanding their factories, but there have also been developments in pigment production by ICI and Ciba Geigy, in petrochemicals by BP, and in fertilisers by SAI.

Mr. John Hornibrook, chairman of the chemicals industries association in Scotland, said yesterday that official figures produced by the Scottish Office showed that chemicals was one of the healthiest sectors of the economy.

Higher new car imports forecast

By Kenneth Gooding, Industry Correspondent

IMPORTS will take about 55 per cent of the UK new car market this year compared with 49 per cent in 1978, according to the Society of Motor Manufacturers and Traders.

And the SMMT has revised upwards its forecast about total new car sales and now expects them to be marginally better—perhaps 20,000 better—than the 1.59m last year. This would still leave the market slightly below the peak of 1.66m reached in 1973.

The predictions come from Mr. Hugh Cownie, economic adviser to the SMMT, who says it is normal for vehicle-manufacturing countries in the EEC to have an import content in new car sales of between 20 to 25 per cent.

But in the UK superimposed on this is the importation of "tied" imports resulting from the rationalisation of production by the European-based American companies.

"This is entirely consistent with the Common Market policy of rationalisation and offers considerable opportunities for exporting cars from the UK," Mr. Cownie adds.

"Unfortunately, because of industrial disputes and low productivity in UK plants, it has not been possible for Britain so far to take advantage of these opportunities."

Big demand

Demand in the first four months of 1979 has been so strong—registrations were more than 5 per cent ahead of the same period last year—that even a slump in sales towards the end of the year would still leave the market at a high level.

Some industry observers believe that sales might indeed fall substantially from September onwards (after a boost when the new registration letter comes into affect in August).

Much will depend on Government action in the Budget. Mr. Cownie believes that if VAT rises to 10 per cent it would have little impact on car sales, particularly as income tax cuts would go hand-in-hand with the change. But a rise in VAT to 12½ per cent would have some adverse impact.

Looking to the longer term, Mr. Cownie forecasts that the UK new car market will reach 1.7m to 1.8m by 1985. Demand for cars in the EEC should reach 8.8m and rise to 11m by 1985.

"The Western European market, including non-EEC countries, is likely to total 14m cars by 1985 and thus become a car market even larger than the U.S. The potential is attractive, but Britain will only be able to secure its share if there is a marked improvement in industrial relations and in productivity," Mr. Cownie insists.

Commercial vehicle output at record level

By Kenneth Gooding

COMMERCIAL VEHICLE output in Britain is running at record levels but car production is still languishing, according to Department of Industry statistics published today.

All three of the UK's main lorry makers have been achieving very high production targets in recent months and this shows up in the seasonally adjusted figures for April.

Ford has been working flat out to make up for the disruptions caused by last autumn's strike and the haulage dispute early this year. Leyland Vehicles' plants have also done extremely well since the haulage dispute ended.

Targets hit

Bedford, General Motors' UK subsidiary, after a change to a new components supply system, "has been hitting targets month after month after month" at its Dunstable plant, said a company executive.

As a result, the seasonally adjusted production of commercial vehicles in April was 39,900, well above the 36,000 in the same month last year and outpacing the 32,000 monthly average for the whole of 1978.

April was an average month for car production, however. The seasonally adjusted total of 102,000 was well below the 117,000 for April 1978 but in line with the monthly average for the whole of last year.

Chrysler in particular put up a below-normal performance in April.

The May results could be better because both Mr. Ray Horocks, chairman and managing director of Austin Morris, and Sir Terry Beckett, chairman of Ford UK, reported this week that their car plants were performing very well.

First moves to end comprehensive school plans

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

BOLTON yesterday became the first local education authority to ask the new Government to cancel plans for fully comprehensive secondary schooling—already effectively signed and sealed by the outgoing Labour Educational Ministers.

The Conservatives have freed local authorities from the pressure of the 1976 Education Act, which outlawed school selection on grounds of educational ability, so Bolton's six grammar schools seem secure.

Essex has taken advantage as well of the new Government's moratorium, pending its promised repeal of the Act's comprehensive school clauses, so another eight grammar schools will be retained.

Unlike Bolton, Essex was among 27 English local authorities which had been "dragging its feet" over the change to fully comprehensive secondary schooling. Labour had invoked the Act, to require it to submit its plans.

These 27 authorities retain 187 conventional grammars, despite them being marked for merging into a fully comprehensive system over the next one to three years.

The same authorities have 36 other non-comprehensive schools, which could be retained as well if the local councils so decide. On present evidence some certainly will not.

Of these 36, five in Cumbria and 13 in Kent are upper schools for academically-able pupils aged 13 to 18.

Under this system, children aged 11 from local authority primary schools go first to high schools. Depending on their work there, the more scholarly are selected and if their parents agree, transferred at 13 to the upper schools.

The upper schools do not depend on an 11-plus test, but still operate a form of selection known officially in the educational field as "guided parental choice."

Another five of the 36 are "bilateral schools"—two each in Kent and in Warwick, and one in Bexley. Broadly they combine a large secondary-modern and a smaller grammar in the same school. There is more transfer of pupils between them than was usual between separate secondary modern and grammar schools, but the basis for selection for the academic "band" is ability.

The rest of the 36 consist of 13 "technical high schools" whose pupils are also selected, though not by specifically academic aptitude. Ten are in Kent, two in Bexley, and one in Cumbria.

Schools most likely to be kept selective are those in areas where the local authority is firmly Conservative-controlled.

Counting Bolton, 22 are in this position. The others are Avon, Barnet, Berksire, Bexley, Bromley, Buckinghamshire, Cumbria, Derbyshire, Devon, Dorset, Essex, Gloucestershire, Hereford and Worcester, Kent, Kingston upon Thames, Lancashire, Lincolnshire, North Yorkshire, Redbridge, Trafford and Warwick.

These 22 retain 163 conventional grammar schools.

Salop, with seven grammars due to go comprehensive in September, has a Conservative majority—although a decisive part consists of Independent Tories.

Calderdale, with seven grammars, has a Conservative majority of only two, one of them the mayor and the other an Independent Tory.

There is mixed control in Birmingham (seven grammars), Kirklees (two) and Walsall (two).

The only one of the authorities in Labour hands is Tameside which, under Tory control in 1976, won an appeal in the House of Lords to retain its five conventional grammar schools. After winning the local elections last week, the Tameside Labour group said it would proceed with the change to fully comprehensive schooling.

Whether the Government allows it to do so will be an acid test of its repeated affirmations of the right of local electorates to make their own decisions on local issues.

THE PROPERTY MARKET

BY MICHAEL CASSELL

Companies face EEC problems

PROPERTY COMPANIES at last appear to be reaching a measure of accord with accountants over the vexed question of how property investment groups should compile and present their annual accounts.

But even if they successfully clear this hurdle they will still have to overcome a major obstacle in forthcoming EEC legislation on accounting standards.

The root of the problem has been the staunch refusal by the industry to make any depreciation charge against published profits, to cover the cost of future repair, redevelopment and replacement work.

The overriding objection behind the *property companies'* campaign is the marked effect that depreciation charges would have on profits available for distribution to shareholders.

It was in the face of this opposition that the British Accounting Standards Committee agreed to give property companies a two year exemption—expiring at the end of this year—from its SSAP 12 accounting standard on depreciation, which applies to most other classes of company.

There now appears a strong possibility that this exemption may be made permanent in the light of the ASC's decision to exclude property investment companies from its recent exposure draft on inflation accounting.

This apparent change of heart by the ASC should not necessarily be taken to indicate total acceptance of the property men's case and may just as easily reflect the ASC's lack of statutory muscle to push measures through.

But a number of senior property executives see the decision as an indication that accountants have finally recognised that depreciation — whether under historic or current cost accounting conventions—is unnecessary and unsuitable for this industry.

However, the problem of depreciation will not have been solved even if accountants and property men are now reaching agreement on the issue. Under the EEC Fourth Directive on the harmonisation of European *cmpany law, property groups* would still find themselves forced to make depreciation charges against profits.

The directive, which has to be implemented by July 1982, states that all companies—with the minor exceptions like investment trusts— must depreciate all assets with a finite life, including buildings.

The British Property Federation nevertheless hopes that if it can reach prior agreement with the Accounting Standards Committee on a "true and fair" way of presenting property accounts, then it will be able to persuade the UK Government to support its case for exemption from the provisions of the Fourth Directive.

Another possible escape route would be to attempt to persuade Government to reclassify property companies as investment trusts—but this seems a more unlikely solution at this stage.

The most publicised area of disagreement between accountants and properay companies is how to treat the land content of property values—which does not wear out unlike bricks and mortar—when calculating a realistic depreciation figure.

To accountants the most logical step is to exclude land value from the equation and depreciate purely the building costs—either on an historic or current cost basis. The property men, however, argue that site and location is a major factor in determining the true value of a *property and to attempt* to ignore this fact makes the depreciation equation a meaningless exercise.

There are undoubtedly special problems facing valuers and auditors seeking to calculate depreciation on investment properties. A large number of extraneous factors have to be taken into consideration which, the British Property Federation argues makes it extremely difficult to assess accurately the life of a building and makes the calculation of depreciation of investment properties an "unrealistic exercise."

The Federation in a consultative document last year outlined *some of the special* difficulties facing valuers looking at investment properties. It says that valuers must take into consideration the fact that "a building may be let on a full repairing lease; the effect of planning restrictions; the possibility of refurbishment, changing levels of building costs, rentals and interest rates all of which play a significant part in determining the period of effective use."

The consultative document did make some concrete proposals for a new accounting standard for property companies, including annual valuations—at current market value—of all properties. This could be done internally, with an external audit once every three years, says the Federation.

This proposal is the one most likely to be included in any accounting standard to be agreed between the Federation and accountants and would be supported by the Royal Institution of Chartered Surveyors which played a leading role in drawing up the proposal.

Andrew Taylor

Archaeologists—developers' new obstacle

DEVELOPERS MAY have to upgrade archaeologists in the list of obstacles which seemingly conspire to frustrate their activities.

While groups which have in the past set out to protect and preserve the best of Britain's archaeological heritage have occasionally created problems for developers and contractors, they now have the support of Parliament behind them.

The grandly-named Ancient Monuments and Archaeological Areas Act consolidates and changes the laws relating to ancient monuments (monument being deemed to mean any site of potential historical interest) *which have not been revised* since 1953 and which apparently date back almost as far as some of the treasures they were designed to protect.

Under the old laws, a developer had to give the Department of the Environment three months notice of his intention to develop any site involving a scheduled monument or an area of archaeological importance. If a site was threatened in this way, the three months was used to undertake any rescue operation which could be mounted and then, barring any negotiations which result in extra time, development work began.

The new law dictates that developers must apply for permission to develop a designated site in the same way they must receive permission to demolish a building of historic interest. When they make their application any archaelogical body accepted as bona fide by the Secretary for the Environment will have the right to delay development work for up to six months while site work is carried out.

The legislation, which the DOE believes could have far-reaching effects on development in the centres of historic cities such as Canterbury, York or London, provides for compensation in the event of any damage caused to the site. But there will be no recompense for the most damaging aspect of such unscheduled intervention—delays in the development programme.

The DOE, which itself sponsors a great deal of archaeological investigation work, hopes that mutual agreements between all parties involved will continue to be arranged wherever possible.

In just such an agreement, work on Watling Court in Bow Lane, City, for Electricity Supply Nominees, was stopped for about four months while a team of archaeologists explored Roman ruins. ESN agreed to a suspension of work while investigations took place and contractors Higgs and Hill helped by clearing earth and providing temporary covers for the site works.

Laing hit by empty offices

THE SUCCESS of Laing Properties, formed nearly 18 months ago to take over the property investment and development activities of the Laing Group, continues to be marred by problems with the UK office portfolio it inherited from the old regime.

Results for the company's first full year since the split, released this week, showed pre-tax profits of £5.053m against profits on property of £5.052m for the old Laing Group. Investment income for the year showed an 11 per cent increase on the forecast £3.65m made at the time of the separation.

But the figures also included an unwelcome charge of about £1m in respect of unlet UK offices which were standing empty at the time of the new arrangement and which have so far remained that way.

Substantial cuts in the asking rent for its 120,000 sq ft Duchess Palace office complex in Edgbaston, Birmingham, have failed to attract any takers. Laings' two other major problems, in the shape of the Whitefriars complex at Bristol and the Chapel High Centre at Brentwood (where the office space alone is sticking) also remain with them.

But the company's experiences with these three are in marked contrast to its current development programme in the UK, where lettings are running at satisfactory levels.

New agents for Credit Lyonnais

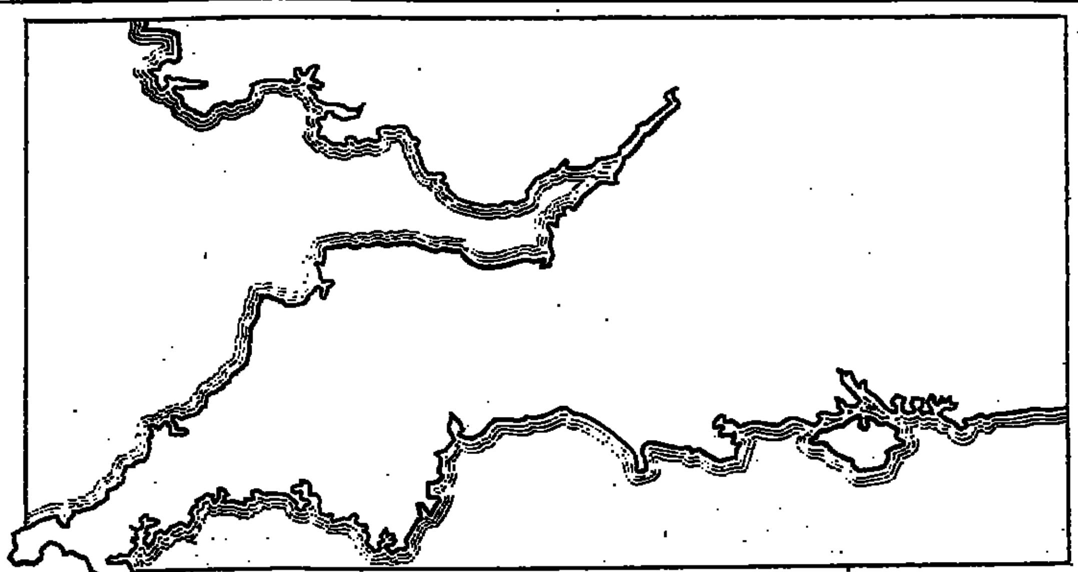
● AFTER about a year on the market with no takers, Credit Lyonnais has altered the accommodation package available at its distinctive Cannon Street headquarters and appointed new agents.

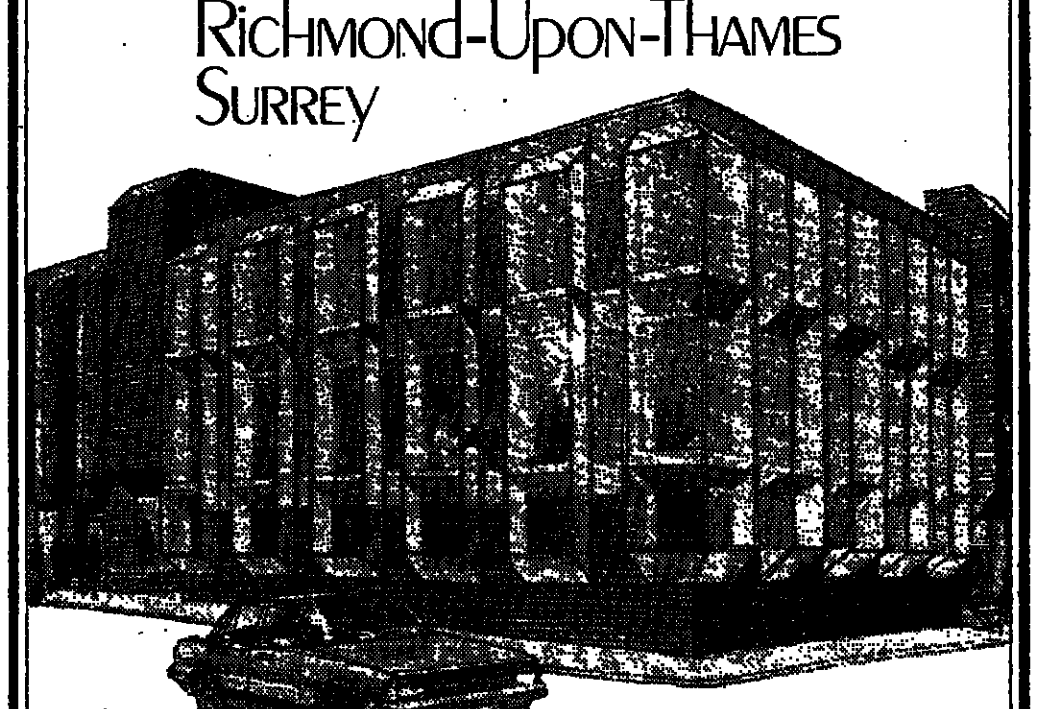
The first and second floors only have been on the market at a rental of around £18 a sq ft but a ground floor banking hall, vault space and a fifth floor dining room have now been added, providing 27,500 sq ft in all. Sole agents Dron and Wright, who have taken over from Vigers and City Agents, are seeking £555,000—about £20 a sq ft—on a 25-year lease with five year reviews.

●CITY floorspace let in April amounted to 228,000 sq ft against 232,000 sq ft in the previous month and the six-monthly average of 175,000 sq ft according to agents Richard Saunders. Space available is now marginally below 1.7m sq ft, the lowest figure since the end of 1974.

● MEPC has let 14, Nicholas Lane, E.C.4, to commodity and shipping agents Gilbert McCaul (Overseas) at a figure close to the asking rental of £40,000 per annum exclusive. The building offers 3,420 sq ft of office space and has been modernised by MEPC. Jones Lang Wootton and St. Quintin acted for MEPC and Robert Burtsal represented McCaul.

● People on the move: David Kerr has relinquished his partnership with Healey and Baker to set up his own property company. Adam Butler has resigned his directorship of Capital and Counties following his appointment to the Department of Industry.





UK NEWS

CBI still concerned about export prospects

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

OPTIMISM about the prospects for manufacturing industry improved slightly during the first four months of this year but there is still no widespread confidence, according to the Confederation of British Industry. Unit costs are accelerating and there are worries about the prospects for exports.

There have been more favourable trends in the volume of new orders and output, and an improvement in capacity utilisation which looks more favourable than for almost five years.

But, warns the CBI, these improvements may reflect in part a recovery of industrial activity after the strikes during the winter rather than any overall improvement.

These are the main points to emerge from the CBI's quarterly industrial trends survey, published yesterday, which was carried out during the General Election campaign from April 6 to 25.

"It should also be noted that the previous survey, in January, was carried out against the background of the road haulage dispute and the associated dislocation," comments the CBI. "This may have affected the answers to some of the questions in the present as well as the last survey."

No detailed policy implications are drawn in the survey report because the CBI is finalising revised Budget submissions for the new Chancellor which will be published on Monday.

The survey shows that investment intentions "remain encouragingly strong. But optimism about export prospects over the next 12 months has continued to decline and poor price competitiveness in overseas markets has become a 'widespread problem.'"

Unit costs up

Reports of increases in both unit costs and domestic selling prices are also becoming more general.

The liquidity of manufacturing industry, however, appears not to have changed much compared with a year ago. The CBI says that it "may remain stable over the next six months."

There is no sign of moves towards increased employment in manufacturing industry and the strongest trends are still to be found in the smallest companies as well as in the textiles industry.

The survey report of improved business confidence stems from a favourable balance of 6 per cent, emerging from 21 per cent of 1,870 manufacturing companies canvassed saying they are more optimistic and 15 per cent the reverse.

But the CBI points out that "there has not been a major swing in optimism in manufacturing industry as a whole."

New orders rose for 32 per cent of companies in the survey and fell for 21 per cent during the first three months of the year.

"Although such figures are probably not consistent with any substantial improvement in demand for manufactured goods, the balance is the highest recorded since the question was first expressed in terms of volume rather than value in the July 1977 survey," says the CBI. "A better intake of new orders is especially apparent for the producers of consumer goods."

There has been little change in the state of total order books since the beginning of the year but capacity utilisation has improved.

The proportion of companies working below a satisfactory full rate of operation has fallen from 61 per cent in the January survey to 55 per cent. This is the best figure for almost five years.

"It would, however, be premature to regard this as an indication that companies in general are in the process of becoming noticeably busier," says the CBI. "It may well be that, as in the comparable survey in 1974 after the three-day week, the improvement owes quite a lot to the making good of at least part of the output lost during earlier industrial disruption.

"While this may be especially true in chemicals and in paper and printing and publishing, in other parts of manufacturing industry—for example food and drink, tobacco and textiles—a clear trend towards better capacity working is apparent. More broadly, this is true of the producers of consumer goods generally."

The volume of output has risen rather than fallen for more companies in the survey, and the improvement is most marked in consumer goods areas. The forecast of improvements expected in the next four months is stronger than it was in January, especially in larger companies.

Over the last four months, there has been a slow upward movement in stocks of raw materials and supplies, and of work in progress. But there has been little change in stocks of finished goods. The CBI suggests that there may be some slight stockbuilding in the next four months.

Shortage of orders or sales is quoted by 69 per cent of the survey companies as the factor most likely to limit output in the next four months, and is by far the most widespread reported problem. This is a high figure by historic standards, but is the lowest recorded for the past 4½ years.

"Of course, such improvement as there has been may reflect the expectation of a making good of orders lost in the first quarter every bit as much as any belief in a recovery in the underlying strength of demand," comment the CBI.

Lack of skilled labour is mentioned as a constraint by 23 per cent of the companies, which is a slightly higher figure than in January. But the figure is on a par with last year's surveys and the shortage is less widespread than would have been expected on the basis of past experience when matched with the capacity utilisation reports.

Investment intentions continue to follow the broad pattern of previous business cycles, with a slight upturn recorded in January being sustained.

"The prospect is for a third year of increasing fixed investment following the strong increase in 1977, and a further rise in 1978 (both of which we forecast), and this rise should continue into 1980," says the CBI. "If the past relationships between our figures and official statistics holds, then this year will see an increase in the volume of private manufacturing investment of about 5 per cent, with the rise continuing, if at a slower rate, in 1980."

Cost inflation

An increase in the average cost per unit of output was reported by 75 per cent of the respondents in the survey, and only 2 per cent reported a fall. The balance of 73 per cent is the highest since July 1977. It "appears to suggest an acceleration in cost inflation," says the CBI. A balance of 72 per cent expect similar increases in the next four months.

There has been a marked rise in the percentage of companies which have increased average prices at which domestic orders are booked. A similar trend is forecast for the next four months.

Pessimism about export prospects has become more widespread, especially among smaller companies employing less than 500 people.

There has been quite a sharp deterioration in new export orders for companies in printing, paper and publishing, but an improvement for those in electrical engineering and chemicals. However, the largest companies, employing more than 5,000, show a relatively strong forecast. Among individual industries, companies in food, drink and tobacco are looking for a considerable improvement in new export orders. The opposite is true for textile companies.

"The problem of poor price competitiveness is widespread throughout manufacturing industry, affecting companies of all sizes, although it is apparently less widespread among the producers of consumer goods than elsewhere," says the CBI of export prospects.

A six-monthly section of the survey on corporate-liquidity indicates that net liquidity is somewhat better than a year ago for both small and large companies, and for capital and consumer manufacturers. There has been little change for intermediate industries.

But the forecasts suggest a slight worsening of net liquidty for manufacturing industry as a whole for the 12 months from last October.

CBI Industrial Trends Survey. April 1979. No. 71. Full results. Annual subscription £75 (CBI members £30). 21 Tothill Street, London SW1.

General replies

TOTAL TRADE—1,870 respondents. All figures are percentages on a weighted sample. Figures in parentheses show the response to the survey carried out last January.

	More	Same	Less
Are you more, or less, optimistic than you were four months ago about the general business situation in your industry	21 (15)	64 (65)	15 (20)

Do you expect to authorise more or less capital expenditure in the next 12 months than you authorised in the past 12 months on:	More	Same	Less	N/A
(a) Buildings	24 (21)	36 (41)	30 (28)	10 (9)
(b) Plant and machinery	37 (36)	38 (39)	25 (24)	1 (1)

	Yes	No	N/A
Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation)	55 (61)	44 (38)	1 (—)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present order book is	20 (13)	48 (55)	30 (30)	2 (1)
	More than adequate	Adequate	Less than adequate	N/A
(b) Your present stocks of finished goods are	15 (16)	58 (59)	13 (10)	14 (15)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Numbers employed	17 (18)	47 (52)	36 (30)	— (—)	19 (15)	55 (59)	25 (25)	— (—)
Volume of total new orders	32 (29)	45 (46)	21 (23)	2 (2)	25 (25)	63 (59)	11 (15)	2 (2)
of which: Domestic orders	33 (28)	47 (50)	19 (19)	2 (2)	23 (22)	65 (66)	10 (10)	2 (2)
Volume of output	26 (26)	54 (55)	18 (19)	1 (1)	30 (23)	63 (64)	6 (13)	1 (1)
Volume of domestic deliveries	30 (30)	49 (52)	20 (18)	1 (1)	32 (26)	60 (61)	7 (13)	1 (1)
Stocks of: (a) Raw materials and brought in supplies	24 (19)	57 (62)	18 (17)	2 (3)	16 (12)	70 (68)	13 (17)	2 (3)
(b) Work in progress	24 (20)	56 (62)	14 (13)	6 (5)	16 (11)	65 (68)	12 (15)	6 (5)
(c) Finished goods	20 (16)	47 (53)	21 (17)	12 (14)	19 (15)	53 (56)	16 (15)	12 (14)
Average costs per unit of output	75 (64)	20 (34)	2 (2)	2 (1)	74 (75)	22 (24)	2 (1)	2 (1)
Average prices at which: Domestic orders are booked	59 (47)	38 (50)	2 (1)	2 (1)	66 (61)	31 (37)	1 (1)	2 (1)

Approximately how many months' production is accounted for by your present order book or production schedule:

Less than 1	1-3	4-6	7-9	10-12	13-18	More than 18	N/A
11 (13)	42 (44)	17 (16)	5 (3)	2 (2)	3 (3)	1 (1)	18 (17)

What factors are likely to limit your output over the next four months:

Orders or sales	Skilled labour	Other labour	Plant capacity	Credit or finance	Materials or components	Other
69 (72)	23 (20)	6 (4)	16 (10)	3 (2)	8 (12)	3 (10)

Factors likely to limit your capital expenditure authorisations on buildings, plant and machinery over the next 12 months:

(a) I have adequate capacity to meet expected demand	73 (75)
(b) Although I have adequate capacity, I have also capital investment opportunities which would be profitable at the present cost of finance, but I shall not be undertaking some of them for the following reasons:	
(i) Shortage of internal finance	8 (5)
(ii) Inability to raise external finance	1 (—)
(iii) Shortage of managerial and technical staff	3 (2)
(iv) Shortage of labour	3 (2)
(v) Other	1 (2)
(c) My capacity is not adequate to meet expected demand but I do not intend increasing my capacity. This is for the following reasons	4 (3)
(i) Not profitable because of the cost of finance	1 (1)
(ii) Shortage of internal finance	— (1)
(iii) Inability to raise external finance	— (—)
(iv) Shortage of managerial and technical staff	— (—)
(v) Shortage of labour	1 (1)
(vi) Other	2 (1)
(d) None of the above is applicable	23 (22)

Export trade

Firms completing these questions have direct exports exceeding £10,000 per annum. Number of respondents 1,360.

	More	Same	Less	N/A
Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago	19 (17)	54 (61)	26 (21)	1 (1)

Excluding seasonal variations, do you consider that in volume terms:

	Above normal	Normal	Below normal	N/A
(a) Your present export order book is	21 (15)	41 (47)	35 (35)	3 (3)

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months, with regard to:

	Trend over past four months				Expected trend over next four months			
	Up	Same	Down	N/A	Up	Same	Down	N/A
Volume of total new export orders	27 (26)	44 (47)	26 (24)	4 (3)	25 (20)	53 (62)	18 (15)	4 (3)
Volume of export deliveries	24 (24)	45 (50)	28 (24)	2 (2)	32 (25)	54 (58)	12 (16)	2 (2)
Average prices at which export orders are booked	51 (42)	40 (49)	6 (7)	2 (2)	52 (55)	39 (39)	7 (4)	3 (2)

What factors are likely to limit your ability to obtain export orders over the next four months:

Prices (compared with overseas competitors)	Delivery dates	Credit or finance	Quota and import licence restrictions	Political or economic conditions abroad	Other
67 (58)	17 (21)	8 (7)	12 (15)	33 (41)	12 (12)

Monetary pressure 'eased'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE THREAT of renewed monetary pressure is receding and short-term interest rates could fall after the Budget, according to stockbrokers Laing and Cruickshank.

The brokers are more optimistic about the monetary outlook than many other City analysts who are worried about the signs of a continued buoyant level of bank lending. For instance, brokers W. Greenwell commented at the end of last month that the "tendency for monetary growth to give some cause for concern is likely to continue."

Laing and Cruickshank, however, argue that the recent banking figures hid many distortions. So with a slowdown in the economy the rate of monetary growth should be reduced.

The brokers estimate that public sector borrowing is now running at an annual rate of £10bn, but the large increase in institutional cash flows means that this could be financed at current interest rates.

The gilt-edged market's desire for an immediate reduction seems likely to be met by an early Budget introducing cuts of £1½bn. If these expectations are fulfilled Minimum Lending Rate could be brought down from its present level of 12 per cent to between 8 and 9 per cent by the autumn.

The brokers believe that the main response is likely to be at the shorter end of the gilt-edged market, with only a marginal decline in the yields of longer-dated stock. This is because of the prospect of a double figure rate of price inflation.

In a new international review, brokers Phillips and Drew argue that the economic outlook facing the major industrialised countries as they prepare for the Tokyo economic summit at the end of June is not conducive to the success of expansionary measures through higher public sector borrowing.

This is because higher oil prices have already substantially raised inflation, inflationary expectations and interest rates in many industrialised countries. Under these conditions private sector savings tend to rise, reflecting a reduction in private sector demand.

ENERGY REVIEW: ABU DHABI'S OIL INDUSTRY

BY KEVIN DONE

Marriage of convenience with the West

ABU DHABI is one of the few remaining members of the Organisation of Petroleum Exporting Countries that has not yet opted for a full state take-over of its oil industry. The long-term future for the international oil companies holding equity interests in the country is inevitably uncertain, but some at least, such as Shell, Compagnie Francaise des Petroles and Japan Oil Development Company, have shown themselves to be willing to continue to invest their money in Abu Dhabi in some of the most ambitious oil and gas projects now under development in the Gulf.

Abu Dhabi is becoming an increasingly important crude oil producer and with the completion of some of the schemes now under development it will also be making a growing impact in the 1980s on world markets for liquid petroleum gas. Crude oil production last year amounted to just under 1.5m barrels a day, about the same amount that is currently being produced in the UK sector of the North Sea. Britain's revenues from the North Sea, however, must be spread across a population of about 55m. Abu Dhabi has a population measured officially in 1976 at 235,662, about the size of Plymouth's.

By the early 1980s oil production should be up to about 2m barrels a day chiefly through the development of the offshore Upper Zakum Field. Oil production has traditionally been far cheaper in the Middle East than in the world's wilder offshore areas such as Alaska or the North Sea. (It is at its cheapest perhaps in the massive onshore Burgen Field in Kuwait, where costs amount to only 15 cents a barrel.) But with the offshore Upper Zakum Field, Abu Dhabi is becoming involved with the sort of capital expenditure that would normally be associated with some of the larger North Sea fields.

The development of Upper Zakum is likely to cost \$2.5bn-\$3bn, and the need for investment on this scale has deterred both British Petroleum and Compagnie Francaise des Petrols, the two main Western oil companies still holding interests in Abu Dhabi's chief offshore concession area, from joining the project as equity partners. Japan Oil Development Company, however, has taken on a 12 per cent share in the project and CFP is giving the technical lead in the development under an industrial co-operation agreement. The bulk of the investment — the remaining 88 per cent interest —will be provided by the Abu Dhabi National Oil Company (ADNOC), the Emirate's state oil company, which now dominates all oil and gas activities in Abu Dhabi.

60-70 years

Development of the Upper Zakum Field was started in 1977. Production is expected to start in 1981, building up to a full capacity of 500,000 b/d in 1983. The field will push Abu Dhabi's total capacity to about 2m b/d in the mid-1980s. With a production level of 500,000 b/d and an investment of \$3bn an easy parallel can be drawn with British Petroleum's prolific Forties Field in the North Sea. But that is perhaps as far as the comparison goes. The Forties Field, which began production in 1975, is likely to have passed its peak production level by 1981-82. According to Dr. Mahmoud Hamra-Krouha, general manager of the Abu Dhabi National Oil Company, the Upper Zakum Field will be expanded in a later stage of development to a capacity of 1m barrels a day. He optimistically predicts that the field could produce at this rate for 60-70 years. The Forties production plateau is unlikely to last for more than five years.

Present offshore production in Abu Dhabi is centred on the Umm Shaif and Lower Zakum fields, which last year produced 249,600 b/d and 245,929 b/d respectively. The Upper Zakum structure has not been developed before, because it poses to the oil industry a far more complex and costly challenge than the other fields in the area. In common with most North Sea offshore fields it will require water injection from the start of production to maintain the pressure in the oil reservoir.

The main crude oil terminal for Abu Dhabi's offshore fields is Das Island, but facilities there have become rather crowded with the recent building of gas liquefaction plants. As a result a new crude oil loading terminal is being built as part of the Upper Zakum development on another Gulf island, Zirku. Construction there includes an airport and housing for a scheme that is expected ultimately to employ 600-700 people.

The completion of the Upper Zakum Field will make Abu Dhabi one of the more important OPEC producers and will put it on a par with Kuwait. The Abu Dhabi Government is pursuing a policy of limiting oil production to a level that will prolong the life of the major fields and maximise the recovery of all hydrocarbons, including the vast quantities of natural gas that are produced with the crude oil. But at the same time it is investing more heavily than most of the neighbouring Gulf states to build up its basic production capacity.

Crude oil output reached a peak of 1.64m b/d in 1977, but it dropped back last year by nearly 13 per cent to 1.45m b/d. The onshore fields are now working to an overall production ceiling of 850,000 b/d and the two major offshore fields are limited to an average of output of 500,000 b/d. The balance of production comes from a couple of smaller offshore fields. By the time the Upper Zakum Field reaches full capacity in the mid-1980s, the inability of world oil supplies to meet increasing demand is likely to be far more evident than it is now.

The rate at which Abu Dhabi will be willing to produce its oil reserves clearly remains a political question, but there are minimum levels below which oil field production should not fall if the final maximum reserves are to be recovered. Dr. Hamra-Krouha describes present government policy as "careful, cautious and systematic," but in practice this means that the country still has one of the most ambitious oil industry investment programmes of any of the Gulf producers.

Apart from Upper Zakum, Abu Dhabi has been investing most heavily in recent years in schemes to collect the vast quantities of associated gas, much of which in the past has been flared off wastefully.

In Abu Dhabi about 850m cubic feet a day is being flared off from the onshore fields alone. In 1977, however, ADNOC began to implement a scheme for gathering the gas from the four onshore fields, which eventually will lead to the export of large quantities of propane, butane and condensate from a new terminal at the industrial complex of Ruweis.

Equity

The scheme is costing \$1.6bn to develop and is a joint venture between ADNOC, 68 per cent, Shell, 15 per cent, CFP, 15 per cent and Partex 2 per cent (representing the old Gulbenkian interests). The other western oil companies represented in the group which hold the original onshore concession in Abu Dhabi—BP, Exxon and Mobil—declined to take any equity interest. It is a move that at least one of the companies has since regretted, arguing that any equity presence in the Middle East should not be given up lightly. Of the total investment, \$400m is being raised as equity capital and \$1.2bn is coming in the form of a loan from the Abu Dhabi Investment Authority.

Units for separating the gas are being constructed at each of the four onshore fields, and the mixture of liquid petroleum gas (propane and butane) and condensate (the heavier wet gas) will be transported by pipeline to Ruweis. A total of about 1bn cubic feet a day of associated gas will be available for processing and this should produce 3m tonnes of LPG a year and 2m tonnes of condensate.

Initial production should begin in the summer of 1980 with the plants reaching full capacity by the end of 1981. No customers have yet signed definitive contracts, but ADNOC is in discussion with several possible buyers, chiefly in Japan.

The mixture of methane and ethane that will remain after the natural gas liquids have been separated at the oil fields will be collected by pipeline initially for use in power generation in Abu Dhabi city. The surplus will probably be injected into the gas cap over the Bab Field. But ADNOC is now studying a further \$500m-\$600m scheme for using this gas as a way of developing the Thamama condensate field. The condensate would be produced through gas injection and added to the export production from Ruweis. At the same time the ethane/methane mixture would be stored for future recovery. Engineering studies for this project are well-advanced and a decision to go ahead is expected this summer.

By choosing to export only LPG from the onshore gas recovery scheme, Abu Dhabi has saved itself the burdensome technical demands of liquefying the natural gas—the process route it chose for exploiting the offshore associated gas. A \$550m scheme based largely on the Umm Shaif Field came on stream in 1977, but it has faced daunting problems. The greatest difficulties arose from the discovery of a leak from one of the two LNG storage tanks on Das Island in April last year. The tank has been out of action ever since, seriously affecting the flexibility of the plants operations, and its unlikely to be fully repaired before the middle of next year.

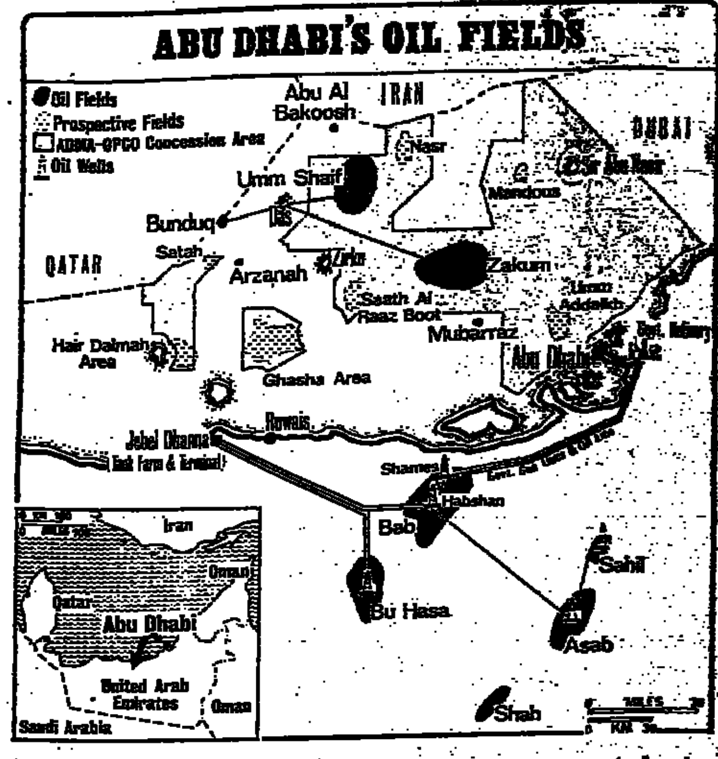
In an industry so dependent on a high level of technology, Abu Dhabi still has to rely heavily on the western oil companies in most facets of its day-to-day operations, despite the fact that it has taken over all top-level policy-making matters. Unlike many of its neighbours in the Middle East Abu Dhabi has elected, for the time being at least, to go for partnership with the international oil industry in exploration and production, rather than employing oil companies purely as service contractors.

The Abu Dhabi National Oil Company has drawn heavily for senior personnel and experience on Sonatrach, the Algerian state oil and gas company. With the operating companies, ADNOC is pursuing a policy of "arabisation" and of training the maximum number of Abu Dhabi nationals for posts in the oil industry. But with such a small population this aim can only be slowly achieved.

With such a deficiency of local skills, Abu Dhabi has decided that for the moment the best way to keep the western oil companies effectively interested in continuing to operate within its oil industry is to allow them at least a minority equity interest. By comparison with the treatment meted out by many other OPEC producers, it is a relationship that must appear quite attractive to most of the oil companies.

The results of recent exploration work suggest that there are rich reserves of hydrocarbons still to be discovered in Abu Dhabi. A gas field has recently been found which could ultimately prove to be one of the world's biggest discoveries. It is understood that the first deep well drilled offshore in Abu Dhabi—beneath the Umm Shaif Field—has run into a gas reservoir spanning a depth of rock as much as 2,000 feet. Dr. Hamra-Krouha describes the find as "very encouraging," and it clearly opens the way to major new developments in Abu Dhabi at that time in the future when the Emirate decides that its oil production should be supplemented by a major development of liquefied natural gas exports.

ABU DHABI'S OIL FIELDS



UK NEWS — LABOUR

Overdue Post Office settlement nearer

BY PHILIP BASSETT AND NICK GARNETT

THE UNION of Post Office Workers appeared yesterday to have moved closer toward a pay settlement for postal workers, which is now more than four months overdue.

Mr. Tom Jackson, the union's general secretary, has told the Post Office, however, that in future the UPW will take industrial action over pay claims because of the "shabby" way it has been treated in relation to other unions.

The Post Office has made some improved proposals to the union, and these will form the basis of a special executive report to the union's annual conference starting at the end of next week.

The report, likely to be discussed by conference on May 24 and now being circulated to branches, contains a number of executive recommendations.

Union negotiators have the power to agree to certain aspects of the proposals before conference meets.

Since the ballot rejected by more than five to one the previous pay and productivity offer, worth about 12 per cent, negotiations have centred on the possibility of paying the 9 per cent basic pay rise included in the offer "on account" while other issues are discussed.

Productivity

The union seeks a much higher degree of pay consolidation. The Post Office has apparently not been unwilling to pay, this but was prevented from doing so by the last Government.

Union negotiators seek removal of productivity clauses, including the greater use of casual labour and a more efficient technique for measuring work. These clauses were one of the principal reasons for the offer's rejection.

Union members have been angered by the pay offer to Post Office telecommunications staff, which includes rises averaging 17½ per cent over 15 months.

The UPW wants a final settlement for postal workers to take into account any deal struck with the telecommunications staff, and also further negotiations on changing the settlement date.

In a letter to Mr. Ken Young, Post Office Board member for industrial relations, Mr. Jackson refers to industrial action taken last year by members of the Post Office Engineering Union for a shorter working week, and to the action being taken now by clerical and computer telecommunications staff in the Civil and Public Services Association and the Society of Civil and Public Servants.

"The Post Office now will continually bend to those unions who are prepared to dislocate the service," he says. "In future, this union will act as others have done, without regard to the long-term health of the service."

Dispute slices phone profits

By John Lloyd

THE POST OFFICE may suffer a net financial loss on telephone bills not sent out as a result of selective strikes by key workers in computer centres.

Some £200m worth of bills are outstanding at the end of three weeks of action, and continue to accumulate rapidly.

While the corporation emphasises that the figure is less than 10 per cent of an annual telephone charges revenue of £2.9bn, the money must be made good by borrowing if the dispute continues for more than a week or two.

Interest

The interest which the corporation would be required to pay on its borrowing, probably about 13 per cent, would be a net loss.

Manually - prepared bills, hand- or typewritten, have been sent out from the 65 area telephone offices for the past week. The numbers of these have varied according to resources, though in general they have been aimed at the Post Office's larger customers.

The action has affected wage payments of about 220,000 weekly-paid staff, who include postmen, junior clerical staff and telephonists. They receive either basic wages, while overtime and other payments accumulate, or the same rate as that in the week before the action.

Salaried staff, who received their last monthly pay cheque on April 20, have not been affected yet, but will be if the dispute continues after the 20th of this month.

Prolonged

The Post Office is concerned that prolongation of the dispute will lead to drying-up of the flow of equipment from central to regional stores, including telephones and other subscribers' equipment.

It disputes the claim earlier this week by the unions that this was already affecting telephone installation and servicing, but says that it will begin to bite in about one week.

Union rejects pay offers to engineering craftsmen

BY ALAN PIKE, LABOUR CORRESPONDENT

The Confederation of Shipbuilding and Engineering Unions executive yesterday rejected pay offers to engineering craftsmen employed by local authorities and in the water service.

Mr. Alex Ferry, general secretary, said that the 9 per cent basic offer to the local authority craftsmen would be worth no more than £52.50. The offer was accompanied by a proposed comparability study before Prof. Hugh Clegg's standing commission but the intended implementation of any comparability award was "in arrears of the dates for manual workers in local authorities."

As part of the settlement to the manual workers' dispute in the winter they expect to receive 50 per cent of any comparability award in August and the remainder next April.

The offer to water industry craftsmen was better than the local authority one, said Mr. Ferry, but it contained flexibility provisions which were unacceptable.

"These conditions were rejected in 1972 and we are not prepared to accept them now." It might be possible to reach agreement if the offer were restructured and the conditions eliminated.

A third public sector offer—to engineering craftsmen in the health service—was accepted by the confederation executive yesterday. This will provide a new basic of £77.20 and although worth 9.3 per cent for the engineering group as a whole will, says the confederation, give craftsmen 16-17 per cent extra.

On the outstanding engineering industry pay claim where industrial action has been threatened the executive decided to await a reply from the Engineering Employers Federation quantifying its final offer before making its next move.

The employers have said they will consult their members on possible modest improvements in their offer to raise the basic craft rate from £60 to £65 per week in response to a claim for £80.

After the employers' reply has been received the Amalgamated Union of Engineering Workers national committee and a conference of leaders of all unions represented on the confederation will be called.

This fairly long time scale—a final decision on industrial action is not likely to come before next month—gives the employers another opportunity to improve their offer and also gives the unions time to test the feeling of their members.

Today confederation leaders will meet BL management for further talks on the introduction of the company's pay parity proposals. There was friction recently when the company announced that it intended to implement the payments on a plant-by-plant basis where merited by productivity.

Ballot bid by civil servants

By Our Labour Staff

THE EXECUTIVE of Britain's largest civil service union will try next week to introduce branch balloting in an effort to prevent a repetition of last year's constitutional crisis in the union when the election of its executive was declared void.

Members of the Civil and Public Services Association will be recommended to alter the union's constitution. A document prepared for the union's conference admits its "totally inadequate and inefficient national election procedure."

The new proposals steer carefullyy between left-wing demands in the union, as reported in the document, for work-place meetings with votes only for those members who attend the meeting, and reported right-wing claims for individual postal votes independent of the union's branches.

The proposals have been unanimously agreed by the union's national executive committee, which is currently split 16-10 in favour of the right. The present electoral system is by mandated delegate voting at the union's annual conference.

If adopted by a two-thirds majority, the proposals will come into effect at the end of next week's conference. They make provision for all nominations for union posts to be made 19 weeks before annual conference, with the elections based on branch ballots for president and vice-president declared eight weeks before conference, and for the executive announced not later than the first day of conference.

Branch voting will be either by a show of hands or paper balloting of members attending branch general meetings held 10 weeks before annual conference.

In order to avoid any repetition of last year's events, when the left-wing executive was declared void after a confidential report found branches had switched their declared votes in the vice-presidential elections, the only method of altering a branch nomination for the executive will be a branch meeting held at least three weeks before conference with the result notified to the union's returning officer before conference begins.

Teachers to reconsider action

BY PAULINE CLARK, LABOUR STAFF

THE National Union of Teachers will today decide whether to suspend industrial action while the Government looks at the teachers' pay problem.

A special meeting of the union's executive committee was called in response to an appeal by Mr. Mark Carlisle, Secretary for Education, for teachers to lift sanctions being operated in schools throughout the country until the Burnham committee meets.

In a letter to teachers' union leaders on Wednesday, Mr. Carlisle gave an assurance that the issue was being made a "first priority" but that he needed time for consideration of the problems.

Mr. Fred Jarvis, general secretary, said yesterday that following the Government's announcement on Wednesday that the full Edmund-Davies award to police was to be paid immediately, he hoped that it would act "with similar speed" in sanctioning teh pay increases for teachers "which are necessary to uphold Mrs. Thatcher's declared commitment to the Houghton principles."

Mr. Jarvis said he hoped the Government would be deciding "how to give effect to Mrs. Thatcher's recent statement that the Conservative Party has 'consistently supported the principles of the Houghton award' and that they are 'very much aware of the harsh effect that inflation and high taxation has had on teachers' salaries since 1974'."

He added that what was needed now was an early meeting of the Burnham committee with an improved pay offer.

Members of the 258,000-strong union have been refusing to supervise school lunches or to take part in out-of-school activities for the past fortnight in support of a 36.5 per cent pay claim to restore the 1974 Houghton Report pay levels.

Unions representing some 482,000 teachers in England and Wales have so far been made a pre-election offer of 9 per cent plus a pay comparability exercise.

New hope on Vickers redundancies

FINANCIAL TIMES REPORTER

NEARLY 500 workers at the threatened Scotswood Vickers heavy engineering plant in Newcastle upon Tyne yesterday lifted a two-month ban on finished parts leaving the factory.

The decision followed fresh talks with management on redundancy terms for men due to leave the works under a phased cut in the next four months.

Among the parts held up were four presses for Ford and Vauxhall and a sophisticated aircraft-testing device for the Chinese Government.

Mr. Peter Tolchard, chairman of the union committee campaigning to keep the factory open, said: "We are by no means giving up the fight. All we are doing is trying to negotiate better redundancy terms for those men due to leave soon."

Non-TUC group welcome pledge by Conservatives

BY OUR LABOUR CORRESPONDENT

LEADERS OF the Managerial, Professional and Staff Liaison Group said yesterday that they were greatly encouraged by undertakings on behalf of Mrs. Margaret Thatcher, Prime Minister, towards unions not affiliated to the TUC.

The group, which co-ordinates the activities of a number of non-TUC unions and staff associations with a claimed membership of 500,000, wrote to Mrs. Thatcher before the election asking whether she would "carry out policies which would re-establish the confidence of the professional and independent employees that their skills would be fully utilised in the country's recovery."

Among the group's particular demands were for assurances that a Conservative Government would protect thet rights omployees to join or not join a union, and protect politically independent unions against bias in the application of legislation.

Dr. Maurice Gillibrand, the group's chairman, said yesterday it had received assurances of consultation on appropriate matters. "This is an undertaking which we will be very pleased to take up at the very earliest opportunity."

In the reply on behalf of Mrs. Thatcher, the group was told that a Conservative Government would want to ensure fair representation for politically independent trade unions. "Union's should be accorded equal treatment whether or not they are affiliated to the TUC.

"We firmly believe htat in any extension of employee involvement there should be proper representation of all employees. Groups of employees clearly need to be satisfied that their interests and views are being properly represented."

Canal talks break down

TALKS AIMED at settling the dispute involving 18 lock gate men in a pay claim at Eastham in Cheshire broke down yesterday, so the Manchester Ship Canal remains closed.

The dispute has been going on for three days over a pay claim and 26 ships of varying sizes are waiting to enter the canal at the Mersey Bar.

'Sacking' vote

THREE THOUSAND white-collar workers employed by the Anglian Water Authority at various offices between the Humber and the Thames are holding a secret ballot today to decide whether they will stage a 24-hour stoppage over the dismissal of two colleagues who were made redundant.

APPOINTMENTS

LEGAL NOTICES

No. 00571 of 1979
IN THE HIGH COURT OF JUSTICE
Chancery Division
IN THE MATTER OF
METAL BOX OVERSEAS LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that a Petition was on the 23rd April, 1979 presented to Her Majesty's High Court of Justice for (a) the sanctioning of a Scheme of Arrangement and (b) the confirmation of the reduction of the Capital of the above-named Company from £18,500,000 to £18,000,000 by cancelling and extinguishing all the 500,000 3.675 per cent Redeemable Cumulative Preference Shares of £1 each of the said Company. The amount by which the capital of the Company is proposed to be reduced is to be applied in paying up in full further Shares of the said Company to be allotted in accordance with the said Scheme of Arrangement.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Slade at the Royal Courts of Justice, Strand, London, W.C.2 on Monday the 21st day of May 1979.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Capital should appear at the time of hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

Dated this 9th day of May 1979.
ALLEN & OVERY,
9, Cheapside,
London, EC2V 6AD
Solicitors for the above-named Company.

No. 001089 of 1979
In the HIGH COURT OF JUSTICE Chancery Division. In the Matter of VIEWRANKS INVESTMENTS LIMITED and in the Matter of The Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition was on the 18th day of April 1979 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £2,600 to £2,200 by carrying to a special reserve the sum of £400

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be *heard before the Honourable Mr. Justice* Slade at the Royal Courts of Justice, Strand, London WC2 on Monday the 21st day of May 1979.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same.

Dated this 8th day of May 1979.
ROWE & MAW.
of 15 Devereux Court,
Essex Street,
London WC2R 3JX.
Solicitors for the above-named Company.

IN THE MATTER OF
VERNON WINE COMPANY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 11th day of June, 1979, to send in their full Christian and surnames, their addresses and descriptions full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned

LEONARD CYRIL CURTIS, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 30th day of April, 1979
LEONARD CYRIL CURTIS, Liquidator

THE COMPANIES ACT 1948 TO 1976
PETBOURNE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 3/4 Bentinck Street, London W1A 3BA, on Monday, the 14th day of May, 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 1st day of May, 1979.
By Order of the Board,
M. BARRON, Director

THE COMPANIES ACTS 1948 TO 1976
KRETT ENTERPRISES (SOUTHGATE) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.
situated at 3/4 Bentinck Street,
London W1A 3BA,

on Thursday, the 17th day of May 1979, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 3rd day of May 1979.
By Order of the Board,
S. KRETT (Mrs.), Director.

COMPANY NOTICES

GATH & CHAVES LIMITED
NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Gath & Chaves Limited will be held at 23, Fenchurch Street, London EC3P 3ED, on Wednesday 6th June, 1979, at 12 noon for the following purposes:

To receive the amounts for the year ended 31st August, 1978, with the relative reports of the Directors and Auditors.

To re-elect Directors.

To re-appoint Aurthur & Andersen & Co. as Auditors.

To authorise the Directors to fix the remuneration of the Auditors for the ensuing year.

To transact any other ordinary business of the company.

By Order of the Board.
M. R. C. LOMAX, Secretary.
Registered Office.
23, Fenchurch Street,
London EC3P 3ED.

Notes:

1. A bearer of a share warrant is not entitled to attend or vote at the above mentioned meeting unless he deposits the warrant relating to the shares in respect of which he proposes to vote at the Registered Office of the Company, 23, Fenchurch Street, London EC3P 3ED, not later than two clear days before meeting.
2. The Company will deliver to any bearer depositing his share warrant as mentioned in Note 1 above a receipt stating his name, address and the number of shares represented by such share warrant and such receipt shall entitle him to attend and vote (in person or by proxy) at the above mentioned meeting.
3. Any member entitled to attend and vote at the meeting may appoint one or more proxies to attend and vote instead of him. A proxy need not bea member of the Company.

PAN-HOLDING

Société Anonyme
Registered Office: Luxembourg

NOTICE OF
ANNUAL GENERAL MEETING
OF SHAREHOLDERS

The Annual General Meeting of shareholders of Pan-Holding S.A. will be held at its registered office at 10, Boulevard Roosevelt, Luxembourg, at 3 p.m. on May 30, 1979, for the purpose of considering and voting upon the following matters:

1. Acceptance of the Directors' and Commissaire's reports and approval of the financial statements for the year ended December 31, 1978.
2. Application of the net profit declaration of a dividend for 1978 and of its date of payment.
3. Discharge of the Directors and the Commissaire with respect of the year 1978.
4. Statutory nominations.
5. Determination of the Directors' compensation for the fiscal year 1978.
6. Determination of the Commissaire's compensation for the fiscal year 1978.

The bearer shares may be deposited either at the registered office of the Company in Luxembourg, or with any banking or financial institution agreed by the Company. Depositary certificates must be received by the Company at Boite Postale No. 408, Luxembourg prior to May 25, 1979.

No depositary certificate is required with respect to registered shares.

THE BOARD OF DIRECTORS

ANGLO AMERICAN INVESTMENT TRUST LIMITED

(Incorporated in the Republic of South Africa)

NOTICES TO MEMBERS

ANNUAL GENERAL MEETING

Notice is hereby given that the forty-third annual general meeting of members of Anglo American Investment Trust Limited will be held at 44 Main Street, Johannesburg on Monday June 11 1979 at 11h00, for the following business:

1 To receive and consider the annual financial statements of the company for the year ended March 31 1979.

2 To elect directors in accordance with the provisions of the company's articles of association.

The transfer registers and registers of members of the company will be closed from June 2 to June 11 1979, both days inclusive.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and, on a poll, vote in his stead. A member personally present and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

GENERAL MEETING

Notice is hereby given that a general meeting of members of Anglo American Investment Trust Limited will be held at 44 Main Street, Johannesburg on Monday June 11 1979 at 11h15 or immediately following the termination of the annual general meeting of the company convened for 11h00, whichever is the later, for the purpose of considering and, if deemed fit, of passing, with or without modification, the following resolution as an ordinary resolution:

"That in accordance with the provisions of article No. 98 of the company's articles of association, the remuneration of the directors shall, until such time as it be further amended by the company in general meeting and with effect from April 1 1979, be fixed at R4 000 per annum for each director and that the chairman's remuneration be at the rate of an additional R6 000 per annum."

The reasons for proposing the above ordinary resolution and the effect thereof are given in the report of the directors.

The transfer registers and registers of members of the company will be closed from June 2 to June 11 1979, both days inclusive.

A member entitled to attend and vote at the meeting may appoint a proxy or proxies to attend, speak and, on a poll, vote *in his stead. A member personally present* and any proxy appointed to represent a corporation may vote on a show of hands. A proxy need not be a member of the company.

A form of proxy, which sets out the relevant instructions for its completion, is available for the use of members who wish to be represented at the meeting.

By order of the board
Anglo American Corporation
of South Africa Limited
Secretaries
per H J E Stanley,
Companies Secretary

Registered Office:
44 Main Street
Johannesburg
2001 South Africa

London Office:
40 Holborn Viaduct
EC1P 1AJ

May 10 1979

B.I.R.D.

FF.150,000,000 — 7¼% — 1972-1987

The FF.7,500,000 instalment due for redemption on June 15, 1979 has been repurchased entirely in the market.

Outstanding amount after June 15, 1979: FF.127,500,000.—

The Fiscal Agent
BANQUE DE PARIS ET DES PAYS-BAS
POUR LE GRAND-DUCHE DE LUXEMBOURG

Luxembourg, May 11, 1979

JUSCO CO. LIMITED

Advice has been received from Tokyo that the 54th Ordinary General Meeting of shareholders of the Company will be held in the Conference Room (Room 401) of Osaka Chamber of Commerce and Industry Building, 58-7 Hashizume-Cho, Uchihonmachi, Higashi-Ku, Osaka, Japan, at 10 a.m. on Friday, 18th May, 1979.

Matters for Discussion and Approval

Proposal No. 1
Re: Concerning approval of the balance sheet as of February 20th, 1979, and the business report, statement of income and retained earnings, and the proposed appropriation of retained earnings for the 54th fiscal term (period covering February 21st, 1978, through February 20th, 1979).

Proposal No. 2
Re: Concerning the election of three new directors.

Proposal No. 3
Re: Concerning the election of three new statutory auditors.

Proposal No. 4
Re: Concerning the presentation of retirement bonus to an outgoing director.

Annual Reports in English will be available in the near future.

HILL SAMUEL & CO. LIMITED
45, Beech Street,
London EC2P 2LX.

JAMES BEATTIE LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the Ordinary Shares and "A" Ordinary Shares (Restricted Voting) of the Company will be closed from the 22nd May to the 5th June, 1979, both dates inclusive.

By Order of the Board,
G. T. LOWNDES, Secretary.
71-78, Victoria Street,
Wolverhampton.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ENERGY

Power from the ocean waves

THE LOCKHEED Corporation announced in Burbank, California, yesterday that it had patented a new device to harness energy from ocean waves.

It is claimed that the device could be used for the generation of electricity, clean-up of oil spills, protection of beaches from erosion, formation of calm harbours in the open sea, and desalination of sea water.

A dome-shaped structure—250 ft in diameter and designed to float just beneath the ocean surface, the device has one moving part. It is said to include some of the characteristics of both a dam and an atoll and has thus been named Dam-Atoll.

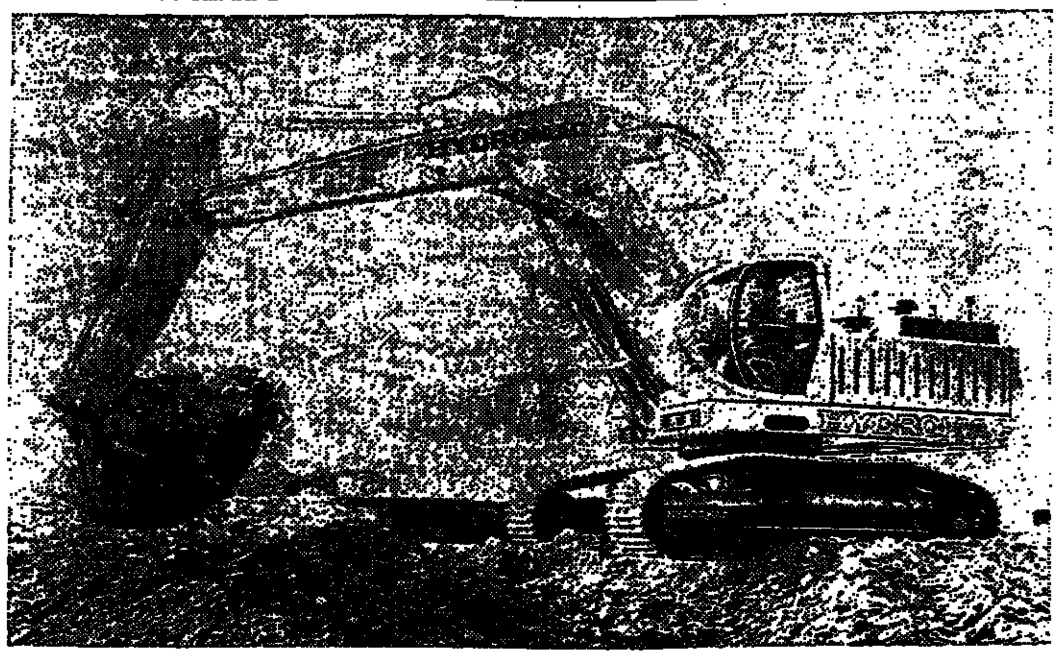
Waves—normally arriving about every 10 seconds—enter an opening at the top of the unit, just at the ocean's surface. A set of guide vanes at the opening causes the entering water to spiral into a vortex, held inside a 60 ft deep central core.

The swirling column of water in the central core turns a turbine wheel, the unit's only moving part, which provides a continuous electrical power generation of one to two Megawatts, according to Thomas P. Higgins, Lockheed's engineering project manager for Dam-Atoll.

It is believed that one of the primary functions of Dam-Atoll will be desalination of sea water for both drinking and irrigation purposes.

Since the device removes energy from the waves, leaving placid waters in its wake it is thought there is a wide range of possibilities for creation of artificial harbours to permit the unloading of dangerous cargoes a considerable distance offshore. Properly placed, a series of Dam-Atoll units could absorb the energy from destructive coastline waves and protect beaches and property from costly erosion, it is stated.

Another possibility, is the use of a unit to scavenge for oil slicks. As the surface water of the sea is ingested by Dam-Atoll units, so are any films of oil, which could be collected.



This is the latest hydraulic excavator to be offered to the British market. Designed by Pininfarina, it is to be shown from May 17 to 19 at the Northern Plant Show at Haydock Park, Lancs., by Isis Plant Sales of Headlands Grove, Swindon, Wiltshire. It is built by Hydromac of Turin, Italy, and is powered by a Scania or General Motors 171 hp engine. Maximum digging depth is 8 metres and outreach 11.6 metres. The cab of this 29 tonne excavator has tinted windscreens, radio and air-conditioning equipment.

● PROCESSING

Cuts board efficiently

UNABLE TO purchase at what it considered to be a reasonable price a suitably robust routing machine for its own production of printed circuit boards, Sangria Designs, of Desborough Avenue, High Wycombe, Bucks HP11 2RN (0494 28914), set about designing a machine for in-house use which is now offered generally.

Such machines are used to profile the edges and interior cut-outs of boards, often stacked vertically to improve production rates. In the new machine, the model 2000, a relatively large 1.9-hp, three-phase induction motor is used with a high rotor mass which minimises the reduction of spindle speed when loading is applied to the cutter.

In this way high off-load spindle speeds are avoided: the motor drives the spindle at 20,000 rpm through a relatively low-ratio gear train, yielding a drive system which is virtually maintenance-free even when the router is used continuously as a production tool.

Sangria claims that higher speeds produce neither a cleaner finish nor a higher rate of material removal, although they can increase the cost of the machine and its frequency of maintenance.

● COMPUTERS

Printers of high reliability

OPERATING AT 1200 baud under microprocessor control and using a significantly reduced number of mechanical parts compared with traditional devices, new printers from Decision Data compete directly with IBM models. They have, of course, the industry-standard interface: variable character size and density; optional numeric pad; bi-directional paper movement; self-testing; plotting capability; and quick-change cartridge ribbon.

The printer can handle standard pin fed single or multipart forms ranging in width from 2½ to 15 inches. Print lines, spaced at 10 characters per inch, are 132 positions in length and spaced vertically at six lines per inch. Print rate is 120 cps and the character set consists of 96 symbols, including upper and lower case, alphanumerics and special characters.

Each device prints in both directions under a program control which eliminates the time loss associated with carriage returns. Improved speed is available through the use of both horizontal and vertical tabs under microprocessor control and immediate stepping to the beginning of the text and high-speed skipping over unused spaces. This results in a print rate equivalent to that of a uni-directional printer operating at 165 cps. An added bonus is the printers' plotting capability.

When used as an output printer, throughput potential of the units enables them to keep communications line costs to a minimum and to handle report type volumes.

Decision Data Computer, Corrie House, 48 London Road, Staines, Middlesex. Staines 59455.

Modelling a complex operation

SIA Computer Services is supporting a new process simulation system on its Cyber power computer service.

The system—Process—developed by Simulation Sciences Incorporated (SimSci) is the first simulator capable of handling the process simulation problems of four types of plant—gas, oil, chemical and petrochemical. It saves process engineers time and money by minimising design time and also by improving the operating efficiency of plant in use.

Process offers engineers extended distillation capability, a comprehensive chemical properties data bank, a big range of thermodynamic packages, ability to add user-written models etc.

The Process suite performs rigorous mass and energy balances. Unit operation modules are incorporated for the simulation of all process units typically encountered in the oil and gas, chemical and petrochemical industries.

It will simulate all refinery processes from crude and vacuum units whether fed by crude oil or synthetic oil derived from coal.

Simulation can also be provided of all types of gas processing plants, including refinery gas plants, natural gas plants—either absorption or expander types—nitrogen rejection plants and LNG refrigeration.

All types of chemical plants including those for ketones and aldehydes, ethylene and propylene oxides and glycols, speciality agricultural chemicals, detergent and textile chemicals are simulated.

Further from SIA at Ebury Gate, 23 Lower Belgrave Street, London SW1W 0NW. 01-730 4544.

● POWER

Packaged power

SUGGESTED TO provide main and standby power for offices and factories, or outdoor locations such as construction sites, is a packaged power supply called Multistack from H. Leverton and Co, Maidenhead Road, Windsor, Berkshire (075 35 68121).

Power module comprises a standard ISO 20 feet ICC-type container fitted with a Caterpillar generator set offering outputs from 150 KW to 750 KW.

Each unit is completely self-contained and equipped with internal air cooled exhaust system, and a fuel system which incorporates a base mounted engine tank able to supply sufficient fuel for a minimum of 8 hours operation.

Standard module is soundproofed to 70 dBa at 7 metres (which conforms to international standards), although units are also available without sound insulation.

● DATA PROCESSING

Desk-top machines with a punch

WHILE A number of UK companies, including Plessey, are supporting the local penetration of the PET personal computer by providing a number of important enhancements, sharp competition for Commodore (the PET originators) is just around the corner from the Japanese-designed Sord desk-top machines.

Plessey has brought out add-in memory (Input memory) on a single board which is attached to the Pet processor board and provides 32K of additional memory to extend the power of the basic unit.

Meanwhile, Sord is planning to launch two different models on the UK market, one which can be pared down to considerably below £1,000 and the other which will go up to £4,000, provided the option of up to four mini-floppies is taken.

Sord has installed something like 5,000 desk-top business units in Japan and is beginning to score on the U.S. market.

Launch in the UK was delayed till CAP finished work on micro-Cobol for the two machines which are both based on the Z80 microprocessor. For the larger machine, extended Basic, Fortran IV, and a high level operating system are available. And bringing this M233 machine very close in capabilities to quite a hefty minicomputer is a series of applications packages such as sales and purchase ledger, communications applications, CAP products and a number of industrial packages not so far announced.

Peripherals drivable from this machine include printers (line and serial), plotters, card and tape readers and a colour monitor. The colour capabilities of the equipment are, in fact, one facility that must make a big impact among the professional users.

Dectrade, which is handling the machine in the UK has appointed Midas Computer Services and Computer Broking Services as agents.

Dectrade, Stamford House, 11, Musters Road, West Bridgford, Nottingham. 0602 861774.

● INSTRUMENTS

Testers for linear circuits

INTEGRATED circuits such as operational amplifiers, voltage comparators, voltage regulators and other linear circuits can be tested economically with the model 1731 test system developed by GenRad of Bourne End, Bucks (06285 26611).

The instrument is controlled by a Z-80 processor in terms of the test, calculation, display and keyboard functions. Operating software is stored on magnetic data cartridges operation of which is controlled by a second micro, a 6502. Thus, new tests and new families of linear devices are easily accommodated.

Software is designed to simplify program generation, program entry and system setting-up for use. Program generation is interactive and makes use of prompting displays on a crt. Users, having identified the type of device to be tested, enter limits and conditions and select the test modes. Data is then stored on the tape cartridges for long-term use and simple program loading.

A wide variety of tests can be performed. In the case of operational amplifiers some 20 are available including positive-negative input current, slew rate, and gain bandwidth product.

Data ports allow connection of computers or calculators if statistical analysis is required.

● TEXTILES

Spinning a yarn quickly

BY FAR the greatest volume of spun yarns produced throughout the world today are spun on classical ring spinning machine in which the sliver is attenuated and then dropped into a traveller that revolves on a ring which imparts twist to the yarn—and strength—before it is wound up on the final package. The limitations of this are the speed at which the traveller can rotate around the ring and this is linked to yarn tension, while the package size can only be as big as the diameter of the ring that encompasses it.

This has resulted in the recent introduction and growing adoption of the rotor spinning processes which, although suitable for certain yarn counts is still confined in its application.

Builders of ring spinning machines have, over recent years, been seeking ideas that will open the way for the ring spinning frame to recapture its share of the market, or at least survive in the face of the growing pressures being exerted by various rotor and open-end systems. Generally the most favoured approach is the floating ring which is suspended on a bed of air and which can then revolve rfeely at the same speed as the traveller. Work on this is being done in the U.S., Italy, West Germany, France and probably other industrialised countries.

Latest development in this realm is that of SACM, France (British agent: Allertex, Paradise St., Bradford BD1 2HP. Tel. 0274 23783). The machine starts up normally and then a very slight air pressure—from a fan—is applied along the ring rail. This raises the ring into a position of suspension and it is able to start rotating with the traveller until the two elements are in phases and spinning at the same speed. The ring is virtually a self-pressurising air-bearing.

Existing ring frames could well be converted to the new system for as little as £10-£15 per spindle and so have a much improved life.

But the great advantage of the concept is that it offers spinners of finer counts increased production that can be between 25 and 30 per cent greater than obtainable on the old type frames.

With the floating or suspended ring, speeds of as much as 15,000 rpm are said to be well within reach.

Initially SACM intends to apply the new system to its ring spinning machines and possibly existing and installed SACM ring frames, but should the system have the success expected it is more than probable that it will be made generally available to other manufacturers' machines as the conversion is simple and inexpensive and offers very self-evident advantages.

● By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.

● RESEARCH

Cones cut pressure

TAILPIPES OF conical profile, fitted to the outlet of pipes carrying a liquid or gas at high pressure can be made to attenuate the force of the emerging jet of fluid.

The attenuation effect is associated with the formation of active vortices within the fluid in the conical section and therefore depends on the shape of the cone.

For a liquid, the cone easily can be kept full by placing an obstruction such as a perforated grid across the mouth of the cone. The device works even when the jet is mounted horizontally or vertically downwards. If the cone is empty there is no attenuation. There is little difference in resistance to flow between the two modes, and thus it is possible to switch the jet on and off without restricting the rate of flow through the system.

The device could be used to reduce the "throw" of fluid jet, to reduce the reaction of the jet on the pipe, to reduce the pressure of piped fluid, to act as a heat exchanger, to mix fluids and to separate gases from liquids.

David Veasey, Mechanical and Civil Engineering Groups, NRDC, Kingsgate House, 66 Victoria Street, London SW1E 6SL. 01-828 3400.

FINANCIAL TIMES SURVEY

Friday May 11 1979

Property in Scotland

In contrast to some sectors of the region's economy the property market in Scotland is buoyant, giving rise to optimistic forecasts for both commercial and residential developments. But much could depend on the political scene, where the change of Government in Whitehall may well alter the climate.

Riding high for the present

By Ray Perman
Scottish Correspondent

THE TROUGH of this present major depression has been marked by so many mini booms and slumps in Scotland that it is difficult sometimes to see where one ends and the next begins. At the moment, with production at an historically low level and unemployment high, we seen, nevertheless to be near the top of a wave; but how long will it last?

The property market, at least, seems to be behaving as if the boom had some time to run. After a reasonably good year in 1978, practically all sectors have started exceptionally well in 1979. House prices have risen by an estimated 10 per cent since the beginning of the year, land prices are at record levels, in the retail sector agents report an unprecedented demand for space and one of the largest Scottish industrial developers has just reported record profits.

Yet most economists are agreed that, although the relative prosperity of 1978 is going to be continued into the summer, the second half of the year is going to see a downturn, both in consumer spending and in industrial investment.

Professor Donald MacKay of Heriot-Watt University, in his recent economic review for Edinburgh surveyors and agents Kenneth Ryden and Partners, concluded that the high rate of growth and of private investment coupled with the fall in the rate of inflation, which were the main features of 1978, cannot be sustained through 1979.

He believes that individual spending will continue to rise for a period in response to the high level of wage settlements and that this, together with increasing public expenditure, will crowd out private investment. "The most recent CBI survey of investment intentions suggests that the expectations of Scottish firms are somewhat less favourable than they were at the end of 1977. On the evidence an increase in the volume of private manufacturing investment could be expected in 1979, but we would expect any increase to be modest and investment expenditure to be falling by the latter part of 1979."

A more recent survey by Strathclyde University's Fraser of Allander Institute takes a less pessimistic view, arguing that the remainder of the year will see a growth in output of 2-2½ per cent and that unemployment, currently 171,300, will fall to about 166,000 by June. It contrasts the CBI investment survey with a more promising view taken by the Scottish Council (Development and Industry), which found that Scottish companies planned to invest some £575m during 1979, creating 4,000 new jobs. Additionally, something like 16,000 jobs could be provided in the construction industry, building the new premises needed by expanding companies.

Level

The council's forecast is likely to underestimate the real level of industrial investment in Scotland since it does not include oil-related spending. The big rush of North Sea expenditure has passed, with most of the major onshore installations either complete or at an advanced stage of construction and many of the big fields now in production.

But oil's contribution to Scotland's development (as distinct to its general economic benefits in import savings and taxes and royalties) is not yet over. Several large contracts for platforms and modules have recently been awarded to Scottish yards, and there are more to come before the end of the year. At the same time, those fields which are already fully developed need maintenance and servicing, providing lucrative employment for a whole range of firms from helicopter operators to caterers.

What this means for the property market is that Aberdeen, and to a lesser extent towns like Peterhead, Montrose and Dundee, will continue to draw some benefit from the oil industry even when the peak of development activity is over. Aberdeen has become one of Britain's most competitive property centres, and that situation looks like lasting for some years to come, despite the occasonal lull perod.

Elsewhere the impact of oil will be less marked. Glasgow and the industrial west of Scotland has not received the boost from the oil industry that might have been hoped and must continue to rely on the prosperity of manufacturing industry for its survival. Traditional activities, such as heavy engineering, shipbuilding and steelmaking, continue to suffer periodic traumas and, despite substantial new investment to modernise yards and plants, further closures and redundancies look to be the inevitable consequence of the continuing low level of orders.

But west central Scotland relies less than is generally appreciated on these older industries. Industrial diversification is well advanced, particularly among smaller companies, many of whom are quietly expanding. Whereas some large sites and advance factories stick on the market, there is a healthy demand for small and medium sized units. The British Steel Corporation, for example, decided at the end of last year to convert the redundant Clyde Iron Works to small industrial workshops and was able to announce at the end of last month that they had all been occupied.

On a slightly larger scale, DCI (Holdings), which describes itself as Scotland's largest private industrial property developer, but in fact specialises in medium sized units on inner city sites, announced pre-tax profits of £375,000 for last year, compared to £123,000 in the previous 12 months. The chairman, Mr. Allan Campbell Fraser, comments in his annual report: "Future prospects for experienced development groups are secure, particularly for those operating within inner-city areas on projects linked to local authority plans for urban renewal. . .

"Those who fear a property slump and illustrate as early signs various unsuccessful or slow developments should recognise that any development which has been wrongly located, designed or constructed or appraised on the basis of falling yields and rising rentals, deserves to fail."

Secure

Much depends on the political as well as the economic future. This is particularly true in Edinburgh, which may yet benefit from some, albeit much modified, form of devolution. The amazing demand for space which followed the reorganisation of local government in 1975 leads most agents to take with a fair amount of cynicism the claims of any political party that it can contain a devolved assembly within the walls of the Old Royal High School, which has been allocated for it.

But, of course, Scotland has an open economy, as sensitive as any other region of Britain to national fluctuations. We still have the new Government's budget to come, and that could clearly influence what happens north of the border for the rest of the year.

Inverinate, situated in Wester Ross and one of Scotland's leading estates, has just come on the market. The Lodge (pictured here) fronts on Loch Duich, surrounded by over 30,000 acres which include deer forests, rough shooting and game fishing. Agents: Strutt and Parker

PROPERTY IN SCOTLAND II

Housing

Unexpected boom

THE SCOTTISH housing market is undergoing an unexpected boom. After a year when prices rose by 15-20 per cent, most agents had expected the begining of 1979 to bring a slowing down of increases in response to higher interest rates and restrictions on lending by the building societies.

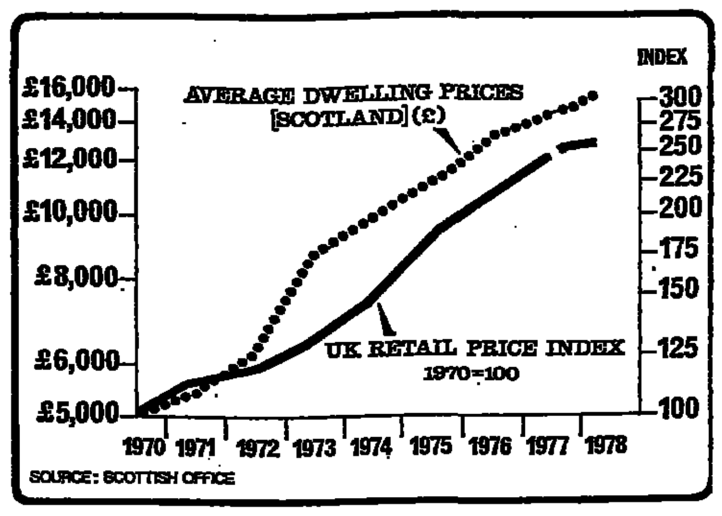
Instead houses and flats of all sizes are far exceeding their "upset" or asking prices (in the Scottish system of buying, the seller gives his minimum acceptable price and expects offers above it.) In some areas agents report that similar houses are now selling for 10 per cent more than they were at this time last year.

It seems clear that high interest rates for borrowers are by themselves not a deterrent to buyers. The latest quarterly report from the Scottish branch of the Royal Institution of Chartered Surveyors indicated that the boom seems to be widespread across Scotland, with almost every estate agent in membership making the same comments.

"The explanation," said Bill McVicar of O'Neill and Partners Glasgow office, "is old fashioned supply and demand. There is an enormous demand from young people in Scotland to own their own homes, and the pressure is being passed on all the way up the market."

Scotland has long had a much lower proportion of owner-occupation than the rest of Great Britain, probably reflecting the historical difference in incomes north and south of the border. Whereas in England and Wales nearly 60 per cent of families own their own homes, in Scotland the ratio is the other way round—60 per cent are in public sector housing. But in recent years Scotland has caught up in wage levels and, if anything, average earnings are now slightly above the national average. This, coupled with a social pressure on young couples to break away from the environments in which their parents grew up, and the Government's encouragement for first-time purchasers, has combined to push up demand to unprecedented levels.

The supply of houses to buy has, however, not kept pace



SOURCE: SCOTTISH OFFICE

Completions by the private sector have grown only slowly, from around 8,000 a year in the late 1960s to a peak of 13,700 in 1976. The 1977 figure was slightly lower at 12,100 and indications are that the 1978 figure will not be significantly higher.

To try to ease this position, more local authorities are making land available for private development. Glasgow District Council, for example, has changed a long-standing hostile attitude to private development in the city centre by making 30 acres in the east-end available for private housing, and more sites are promised for later in the year. Barratt, one of the larger private house builders has set up a new subsidiary, Barratt Developments (Glasgow), specifically to build on inner city sites.

But with the building industry in Scotland in a depressed state, the position seems unlikely to improve dramatically in the short term, particularly while interest rates remain high.

Pressure is therefore being felt on the smaller, cheaper existing homes, notably the traditional Scottish tenement flat of two or three rooms, kitchen and bathroom. In Glasgow this sort of property was selling at £12,000-£13,000 last summer, but is now fetching, according to Mr. McVicar, £14,000-£15,000. In Aberdeen, where the normal situation is complicated by the addition of demand from the oil industry for accommodation for employees, estate agent Mr. Frank Burnett comments that granite flats of a kitchen and two rooms are up from £10,000 last year to £12,000 now, with one example of such a property realising £14,000. Modern flats of the same size are selling readily at £22,000.

Prices

Prices of £13,000 and upwards have been reported from Dundee, and in Edinburgh Bernard Thorpe and Partners has sold a one-bedroom flat for £17,000 and two bedroom tenament and house conversion flats for up to £17,000.

Families who are leaving this sort of basic home are moving immediately into large properties, and are prepared to overcome the tight borrowing position by either ploughing back a higher proportion of their profit into the next property or by obtaining the promise of a mortgage in a few months time and going to a bank or other source of bridging finance.

"A few years ago it was quite common for families to take some of the profit from the sale of their homes and have a holi day before buying something new. Now they are reinvesting immediately and may also be putting in some of their savings," Mr. McVicar adds. Factors like these could help to explain why prices seem to be climbing faster than the estimates from building societies would suggest. The Nationwide, for example, estimated last month that prices had risen by only 2-5 per cent, roughly in line with the national average. This figure was based on the level of loans made by the society in the first quarter of 1979.

Larger houses and flats are selling briskly, seemingly regardless of condition. Kenneth Ryden and Partners, the Edinburgh estate agent, says there is an acute shortage of good quality property in the capital. The company recently sold a semi-detached stone-built house needing extensive modernisation for £45,000 and a luxury townhouse in one of the more expensive areas of the city for 30 per cent more than it fetched a year ago. A 100-year-old house on the outskirts of the city went for £23,000, despite the fact that the surveyor had valued it at only £12,000 and estimated that £10,000 would have to be spent in repairs and modernisation.

Smaller towns are also experiencing the upsurge in prices, with larger houses selling for £50,000-£60,000 in Inverness and £30,000-£40,000 in the towns of Angus and Fife.

This sector of the market seems to be slowing slightly in Aberdeen, with older houses more in demand than new ones. Estate houses of three bedrooms are selling at £25,000-£30,000, showing a 10 per cent rise on the first quarter fo the year, with granite houses with four or five bedrooms going for up to £60,000. In Glasgow the market for very large properties seems to be, if anything, stronger than that for smaller houses. Houses from £60,000 to £100,000, particularly if they are suitable for separating into flats, are selling easily.

How long the boom will continue at its present pace is anybody's guess. It will be influenced by factors such as the availability of mortgages, the level of interest rates, the rate of inflation and the rise in salaries and wages. But the underlying pressure from the imbalance of supply and demand in Scotland seems unlikely to be removed quickly.

Ray Perman

Landed Estates

Desire to be a laird

THE APPEAL of owning a farm or estate in Scotland is still strong and largely accounts for the continuing rise in land prices for all types of agricultural property.

The trend in prices over the lost 15 years has been upward and ever upward. From around £160 an acre for the best farm land in 1965, the price rose to £1,000 in the boom of 1973, fell back slightly with the property collapse up £600-£700, but has now accelerated away again to more than £2,500.

Dearer

At the same time poorer land of all types has also become progressively dearer. The Scottish Landowners' Federation reports prices for hill farms at £310 an acre (with vacant possession), compared to less than half that figure a year ago; planting land is £230 an acre, whereas it was a third or less the price in the last quarter of 1977; and stock rearing farms are reaching £670 an acre, compared to less than £400 a year ago.

Scottish prices are now higher than the equivalents in England, and this has led to some surprising movements. Mr. Patrick Milne Home, a surveyor specialising in farms and estates, has seen a number of Englishmen moving into Scotland, "self made men who want a farm or estate of their own." On the other hand, he says: "I know of a number of Scottish clients who have moved south, able to obtain bigger farms, better quality and more easily run than up here."

Of course, it is possible to obtain a good return on capital in Scotland. In recent years a number of financial institutions, including Eagle Star and General Accident, have bought estates as part of their investment portfolios. But, as Bell Ingram, one of the largest agents dealing in country properties, points out, they are invariably interested in Grade One agricultural land, in large blocks, already tenanted by efficient farmers. In that sort of situation it is not difficult to get a reasonable return on outlay, although profits will never be spectacular.

CONTINUED ON NEXT PAGE

PROPERTY IN SCOTLAND III

Industrial

Demand promising

THE PRESENT trends in the industrial property market are marked by a healthy but controlled demand, growing interest from the institutions and a movement towards a smaller scale of operation. The boom predicted for 1978 in the take-up of factory and warehouse space did not materialise fully outside the oil-related areas, but there are strong indications that a demand is there which could take off once the dust of political and economic uncertainty has settled.

Reports suggest that a substantial number of expansion plans by national companies have been shelved at board level until the way ahead becomes clearer. The smaller business sector, perhaps helped by recent flattering references to them from both main political parties, are preferring not to wait, and demand for warehouses of less than 10,000 sq ft in principal centres is increasing. Inquiries confirm that the take-up of buildings in this category has grown by 10 per cent, and on several sites units originally intended for a much larger scale of operation have been subdivided to meet the small business demand.

At the opposite end of the industrial spectrum, a demand has emerged from companies to buy rather than lease modern factory space exceeding 20,000 square feet, and some companies, faced with a lack of such units on the market, have turned to modernising older properties or building them from scratch to their exact requirements.

The keen demand from developers and institutions has probably been caused by the search for good industrial investment as rents increase and the gap between commercial and industrial yields is reduced. It is felt that a large increase in the supply of modern factory space will occur if this demand is translated into speculative development. Early indications are that demand exists to absorb such a growth. The take-up of industrial warehouse accommodation was well up earlier this year on the same period of 1978, but fears linger on that the industrial market could be over-supplied with accommodation in this year and in 1980.

Attention

The impact of the institutions should not be minimised as they turn their attention towards industrial sites. The total value of overall investments held by pensions schemes, for example, at the end of 1975 was about £21bn. This figure is now believed to have doubled, mainly due to an underlying increase in the value of investments, but as the prospect improves of healthy income from industrial rentals so the interest of the Institutions is likely to increase.

Standard Life, Europe's largest mutual life office, which is based in Edinburgh, now puts some £12m of its total £40m property investments a year into providing industrial premises throughout Britain, but the company has substantial sites in Scotland. Asked about the likelihood of competition between private developments and those carried out by the Scottish Development Agency and other state agencies, a Standard Life spokesman said: "The new towns of course can offer very attractive terms so we have to try to be that little bit more flexible and better in terms of location, specification, lower density and higher floor loadings; that sort of thing. We also have to be ready to meet an exact demand by building in advance of it. Industrialists can seldom anticipate their requirements; and when they decide they want to expand they always want to do it yesterday."

The five Scottish new towns offer bargain accommodation for industry and have between them added some 20m sq ft of factory space. The level of interest among British and overseas industrialists is encouraging and has turned recently to serviced industrialised sites for purpose-built factories. In East Kilbride, the oldest of the Scottish new towns, these sites are available for approximately £6,000 ground rental per hectare.

Softened

The Scottish Industrial Property Review by Kenneth Ryden and Partners, chartered surveyors, noted a cutback in the supply of accommodation produced by private developers, which had been made up for by Scottish Development Agency activity in the Strathclyde, Central and Borders Regions. The review forecasts that rent increases would be "undramatic" over the next few months, matching the anticipated increase in building costs but softened by the relatively low cost of industrial land in Scotland.

"This is of considerable significance in comparing industrial property investment in Scotland to that in the South-East, where current high industrial rents and land prices could possibly reduce growth in investment properties during the next few years.

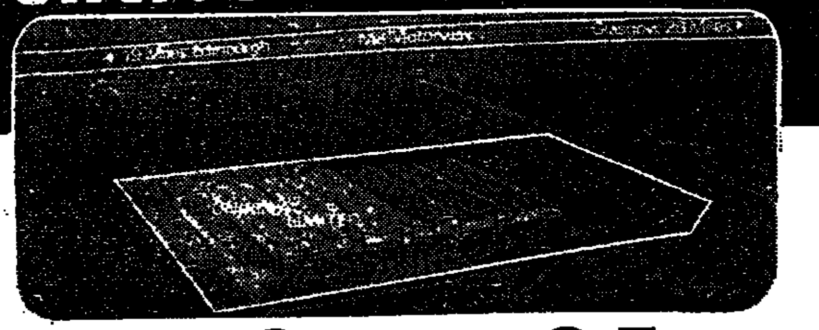
"Industrial investment yields have been relatively stable and good let industrial/warehouse investments in the central area have steadied at between 7.5 to 8 per cent notwithstanding increased competition and a willingness of the funding institutions to involve themselves in development from inception," the review says.

Mr. Roy Durie, industrial partner at Rydens believes, however, that the combined effects of the Community Land Act 1975 and the Development Land Tax Act of 1976 have caused a considerable shortage; the first because owners were reluctant to put land on the market and apply for planning consent when this immediately allowed the local authority the option of buying the land, the second because a change of government could mean a lowering of the current 66 per cent minimum rate.

The resulting shortage had meant that developers and funding institutions who a few years ago would not have considered a leasehold scheme were now obliged to accept the ground lease of land from local authorities or other large-scale owners. Although the market was healthily suplied with industrial accommodation at the moment, Mr. Durie detected the early signs of demand exceeding supply, with higher rentals already achieved in the Edinburgh area. A recent ground lease at South Gyle near Edinburgh airport and the motorway to the west had worked out at £90,000 an acre on a speculative development. Rents for prime property, which for the past two years had been stable at £1.65p per sq ft, had already risen to £1.75p and could be expected to reach £1.90p later this year.

Throughout central Scotland increased demand was showing in the number of industrial premises let by developers before they were built. The enthusiasm in Edinburgh is matched by that in the west of Scotland, where a Glasgow estate let 56,000 sq ft of space in 14 units well ahead of completion.

Paul Prescott



Desire

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The efficient and intensive management of sporting estates can also be profitable. Unlike English estates, Scottish holdings, because of their larger average size and the geography of the country, can often combine game shooting, stalking and fishing. A continual letting of sporting rights, perhaps with the letting of the mansion house as well, can yield good profits. Prices paid per stag have risen enormously over recent years for this very reason, and one land agent reports a price per head up from £2,000 to £8,000, with the price of a salmon on a top class beat up from £800 to £1,200 and the price per brace of grouse at around £400.

But many new owners of estates are willing to forego income for the pleasure of owning and using the property either partly or exclusively themselves. This romantic factor explains some of the extraordinary prices paid for land in recent deals.

Romance

It is at its most extreme in the case of islands, which have an extra romance, particularly if they also have historical connections (and very few places in the Highlands and Islands of Scotland do not have historical connections). The island of Staffa, for example, location of Fingals Cave and inspiration of Mendelssohn, was recently offered for sale at £50,000. Since it consisted of only 70 acres of uninhabited and, for a long time, unused sheep grazing, it would have fetched much less had it been part of a mainland estate. As it was, it sold for £100,000.

Iona, perhaps the most famous of all the Scottish islands, could provide an even more graphic example when it comes on the market at the end of this month. It has historical connections, both with the early Christian Saints and the Scottish Kings, but the historical sites are excluded from the sale. Neither has the island much development potential, being mostly let under crofting tenure and therefore having rents and tenancies outside the owner's control. Yet there has been intense interest from all over the world in buying Iona, and it is reported that some prospective purchasers have been willing to pay as much as £2m.

Foreign buyers are attracting a lot of attention in Scotland. In the past ten years Dutch investors have spent something like £3m buying about 200,000 acres; Arab interests have spent £4m on estates, stately homes and castles; Germans, French, Americans, Swedes and Belgians have been involved; and offshore registered land companies have bought a further 322,000 acres for about £5m on behalf of undisclosed clients.

Partly this interest reflects a disparity in prices between Britain and abroad, for although Scottish prices have risen above those in England, they are still low by Continental standards. Good arable land is £5,000-£6,000 an acre in Holland and Germany, and even in Ireland, at £3,000 an acre, is substantially above the reigning levels in Scotland.

Most buyers are now wise enough to seek professional advice before they commit themselves, although there was at least one recent case of a Dutch purchaser who bought a Highland estate without realising that his crofting tenants had the right under the Crofting Reform Act to buy their holdings at very much less than the price he paid for them.

Property on the market at the moment is scarce, meaning that the high level of land prices is likely to continue for a while. But farms and estates on offer do include one of the biggest to come on the market in the past five years. Lt. Col. Sir Edward Wills is selling the 27 square mile Meggernie Estate, Glenlyon, Perthshire, which has been in his family for 70 years. It includes a fortified 16th century castle, a secondary house, lodge, factor's house and 24 cottages.

There is a deer forest averaging 68 stags and 125 hinds, 7½ miles of the river Lyon, a grouse moor averaging 225 brace and 4,000 acres suitable for tree planting. Savills, who are handling the sale, expect it to go for between £1 and £2m.

R.P.

PROPERTY IN SCOTLAND IV

Aberdeen

Oilmen take on longer leases

THE CASUAL ease with which the oil industry sinks millions of pounds into the North Sea bed has not until quite recently been matched by an equal willingness to spend as readily on dry land. Property dealers in Aberdeen have nervously noted the shyness of oil-related companies towards signing property leases lasting more than five years. The extraordinary success rate of the North Sea fields and the established oil infrastructure that has been woven into Aberdeen's life have convinced the oilmen that the North Sea industry is here to stay, and the city that the oilmen also are here to stay.

The subtle change has been marked by much greater readiness of oil-related concerns to take on leases of 25 or 30 years which, on present technology, is the currently calculated life-span of a major North Sea field. Few observers doubt, however, that as new technology makes more productive use of oil resources, lengthening the life of the fields and making marginal deposits viable, the active future of Aberdeen as an oil centre for the North Sea will be extended far into the next century.

In the Grampian Region confidence has increased that the feverish wealth suddenly injected by oil industry will stabilise into long-term prosperity. The property market is a good indicator of this. House prices, which soared to levels more appropriate to south-east England, have tended to settle, and in the industrial sector over the past year there has been good demand for conventional warehouse space and light industrial premises rather than directly oil-related industries. Interest in new sites at Kirkhill near Dyce Airport and Altens, south of Aberdeen, suggest that there could be a slight over-supply of such space in the next 12-month. Rental levels generally run at £1.75 per square foot, but reach closer to £2 for prime properties.

The slight lull is fully expected to be temporary and has brought blessed relief all round rather than any fear that the North Sea bubble was in danger of bursting. Offshore oil has transformed the economic face of the region, particularly Aberdeen and Peterhead, and as oil moves from the exploratory to the production and servicing phase the industry will provide a continually expanding demand for close-at-hand services and act as a magnet for local industry, encouraging it to diversify.

In turn this has sparked a chain reaction of demands on the industrial property market to satisfy the call for supply and victualling, warehousing and storage, forwarding, freighting, ship and air charter, steel fabrication, and many more services, all of which require the basic protection of a building.

The area has attracted 24 drilling contractors, 75 companies supplying drilling equipment, 22 who supply cement and drilling fluids and 25 diving contractors. About 100 companies are involved in oil-related manufacturing activities and 200 export beyond the UK continental shelf.

The redevelopment of Aberdeen's harbour has cost £15m, making it Europe's premier offshore support base. There are seven supply bases and graving dock facilities for supply boat maintenance. Aberdeen Airport has recently undergone a £12m redevelopment programme involving new passenger and freight terminals, with a consequent meteoric rise in fixed wing and helicopter traffic movements. Peterhead, 32 miles north of Aberdeen, has two major supply bases and its harbour is developing as a key centre for the offshore inspection, repair and maintenance market. The St. Fergus sea gas terminal is the principal mainland pipeline landfall for gas from Frigg and Brent fields.

The latest survey of commercial and industrial property in Aberdeen by Drivers Jonas, chartered surveyors, shows that while supply and demand for industrial property are in healthy balance, modern office space in the city remains in severe shortage and rental levels are now well established at £5 per sq ft for a normal lease. Previously this level could only be achieved on short-tem lettings.

A spokesman for the company said that the institutions were now more willing to invest in the city. The recent sale of a terrace of warehouse units let to five tenants on lease created quite strong competition. The net return on the property was about 7.5 per cent, and with this sharpening interest and 400 acres of land taken over for development in the last four years, the signs were that the oil industry was putting down firm roots in Aberdeen.

P.P.

Offices

Signs of revival

THE OFFICE market in Scotland is, with one or two notable exceptions, currently oversupplied, although the signs are that with demand rising and development activity responding only cautiously the situation could soon be changing.

The growth of oil and its associated industries, together with the prospects of some degree of devolution and the arrival of a growing number of international financial institutions, has provided the Scottish property market with an underlying strength which has rarely been achieved in the past. It is a strength which many people believe does not accompany the present revival in other parts of the UK.

The north east of the country, centred on Aberdeen, continues to enjoy a buoyancy and wealth associated with the North Sea exploration programme but the type of demand for well located commercial property apparent in the area has now spread to most other areas.

Prime space in Glasgow now commands £4.25 a sq ft and top quality office space in Edinburgh, where demand for smaller suites has taken up some of the stock in a slow market, is now on offer for between £4 and £5 per sq ft.

In Edinburgh, substantial new development has, with at least one eye on the Scottish Assembly, been taking place. Up until the end of last year, there were few signs of any significant take-up in the range of large units available, with little upwards pressure on rents. A few more lettings have, more recently, been arranged, but it is expected to be some time before letting activity works through in higher rentals.

As in Glasgow, tenants in Edinburgh apparently prefer to take existing buildings in one of the preferred locations rather than opt for a higher standard of accommodation in an area not traditionally considered to be suitable.

This preference has, as in many other parts of the country, led to a marked upturn in refurbishment activity, producing higher rentals for the landlord and improved though well established and nicely located office space for the tenant. Typical is the recent renovation of a Georgian building in Queen Street which has supplied 18,000 sq ft of modern space behind an original and carefully preserved facade. The building has been let by Bernard Thorpe on behalf of Scottish Life Assurance to the Manpower Services Commission.

Letting activity in Glasgow is high, although the focus of activity over the past year has again been in the demand for existing rather than newly developed accommodation.

The trend represents a significant change for a market which in recent years has been predominantly oriented towards newly completed buildings—suggesting that location is the most important factor (not altogether a revolutionary philosophy but clearly a timeless one) in the Glasgow market.

As agents Richard Ellis pointed out in their most recent appraisal of the Glasgow office sector, the new supply of development space reduced during 1978, falling from approximately 297,000 sq ft in 1977 to 73,000 sq ft at the end of 1978.

At the same time the overall availability of developments also fell—by an estimated 32 per cent to 298,000 sq ft—in the fourth quarter, with much of the remaining stock having been on the market for over a year and clearly of limited appeal to many potential tenants

The decline in take-up of development space during 1978 was therefore predictable, although this was more than compensated for by the revival in interest for existing accommodation. Over 430,000 sq ft of existing space was taken during the year, according to Ellis, against an annual average of around 350,000 sq ft in the recent past.

The amount of office floorspace brought on to the market last year represented a repeat of the previous 12 months, with 441,000 sq ft coming forward against 453,000 in the previous year. The rise in supply of existing properties was particularly marked in large units of over 10,000 sq ft, where a threefold rise was recorded.

According to Ellis, the market for existing office properties has been in balance over the past two years, with increased supply in 1978 again matched by a rise in take-up. The surplus in the 1977 market was created by an excess of development rather than existing space, some of which was subject to deals but much of which remains on the market.

An overall balanced market left the level of total floorspace availability in Glasgow unchanged—547,000 sq ft—at the end of last year. In the words of the Ellis report: "With this general pattern giving little real excess or deficit there has been no urgency in the market and hence little pressure on rents.

"The magnitude of movements in rents for particular types of building has been around 1 per cent, indicating no real change. Certainly in Glasgow over the past year, office rents have not kept up with inflation. The prime rent for office property has hardened at between £4 and £4.25 a square foot, with secondary properties recording £2.25 to £2.75."

As for the outlook, the level of projected Glasgow developments coming through the pipeline is well up on the 1978 total. But only an estimated 34,000 sq ft of the new 300,000 sq ft-plus due to come through is on the letting market, with the majority pre-let before completion and indicating the strength of demand for well located property.

Most agents in the city believe that there will, in addition, be very little development space coming on to the market in the next two years and over half the space due to be completed in 1981 (over 600,000 sq ft) is also pre-let.

The general view is that with the continuing reluctance of potential tenants to take up modern but poorly located accommodation, schemes of this type will not go ahead—particularly in view of the static state of prime rents, which have shown little tendency to move in the last two years.

Michael Cassell

FORTHCOMING PROPERTY SURVEYS

International	May 30
Property	July 23
Industrial	Sept. 18
Office Relocation	Oct. 19
City of London	Nov. 23

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

P & O's future after the trouble on its bridge

BY IAN HARGREAVES

FOR A MAN who loathes publicity, Lord Inchcape has seen a good deal of his name in the City page headlines over the last decade.

Three companies have been responsible for generating this glare of publicity: the highly profitable Inchcape Group of trading companies, of which the Earl is non-executive chairman; Burmah, of which he was a non-executive director before the oil company's crash in 1974; and the Peninsular and Oriental Steam Navigation Company—P & O.

The most recent spate of public interest concerns P & O, of which Lord Inchcape became part-time chairman in 1973 after leading the fight against a takeover by the Bovis property group. Eight months ago, a new act of the Boardroom drama opened with Inchcape's appointment as full-time chief executive of the group. This was the first of a string of demotions for Mr. Sandy Marshall, P & O's chief executive and Inchcape's co-pilot in the battle of Bovis. A series of power-sharing compromises were tried, but in March Mr. Marshall finally quit.

Since the first rumblings of thunder last autumn, the City has had two questions on its mind. What are the prospects for P & O's profitability, and what is really going on inside the company's Boardroom? To these, following the departure of Mr. Marshall, can be added a third: how will the re-structured P & O management, even with slimmed-down resources, deal with the difficult challenges facing British merchant shipping in the 1980s?

The 1978 profit squeeze had its origin in the years 1973-74, when P & O, fresh from its triumph of survival as an independent enterprise, and stronger after a (pre-Bovis) McKinsey-inspired rationalisation of its 120 separate companies, embarked upon a £400m investment strategy. The aim was to diversify in two ways: outside the sharp cyclical pitches of shipping; and within shipping, to go into the high-value, sophisticated operations where competition from cheaper flags would be less fierce.

Diversification was achieved through the purchase of energy interests in Britain and the U.S., by rapid expansion of land transport activities and by consolidation of Bovis which, in a rapid turning of the tables, had been acquired in 1974, within 18 months of Bovis' own bid being defeated. P & O's large fleet of small general cargo ships was sold in favour of new, heavy-lift ships, container vessels and a few modern general purpose units for back-up purposes. The company also embarked on new shipping ventures in liquid petroleum gas and placed strict limits on its conventional bulk shipping interests.

Two parts of the programme have gone obviously and seriously wrong. The first was a decision in 1973 to order two large liquid petroleum gas carriers from a German shipyard in the belief that higher oil prices would guarantee an upsurge in world trade in LPG. During negotiations with the shipyard, it was suggested that credit terms would be better if the deal was financed in Deutsche Marks and that even rosier terms could be offered if P & O placed orders for a further two ships.

In the days when shipyard berth spaces were still changing hands for large sums of money, P & O agreed, intending either to sell the option for two ships or quickly to secure long-term "bareboat" (special long-term) charters for the vessels, reducing the company's exposure. But by the time the steel was being cut for the ships, market prospects for LPG had collapsed and the vessels, the last of which was recently delivered, have remained unsaleable other than at a sizeable loss.

Mistake over exchange risks

With hindsight, the biggest and most remarkable mistake was the failure to hedge against exchange risks. Strengthening of the D-mark has been the main factor pushing the price of the ships from their contract price of $45m to $50m up to $60m each. At this price, each ship needs to earn $500,000 a month to cover costs. Last year the spot market languished at $200,000, although P and O has recently placed on charter one ship at $350,000, strengthening the hope that it might be possible to sell one or two of the ships later this year.

The other clear mistake, likely to cost over £7m in loss provisions, in the subsea engineering business, for which P and O opted for a type of mini-submarine which has never proved popular with off-shore oil companies. This activity, now wound up, has kept the energy division in losses and made it an obvious target for asset disposal when P and O's profitability fell.

Mr. Sandy Marshall (left) in front of the purpose-built ten year old P & O headquarters which the company under the leadership of Lord Inchcape (right), plans to vacate in favour of Beaufort House—a... converted warehouse.

The problem surfaced last autumn, when P and O disclosed first half profits of £1.1m pre-tax, against £26.9m for the same period the year before. In July the Board agreed to a complete review of activities and an open-minded investigation of possible disposals.

There was no difficulty reaching agreement on the accelerated sale of ships which did not form part of the group's long-term strategy. During 1978, 22 vessels went, many at rock-bottom prices, raising £14m in all.

Two views emerged about what should be done next. It was already clear that profits would be higher in the second half, partly for seasonal reasons but also because of solid performances from the group's European Transport and cruising divisions and from Bovis. This was confirmed last week, when P and O announced pre-tax earnings of £18.4m on a turnover of £1.2bn, against £42.5m pre-tax in 1977.

Lord Inchcape's approach was to ditch most of the energy division including the group's 15 per cent stake in the Beatrice oilfield, while hanging on to property as a base for future borrowing. Mr. Marshall wanted to proceed more slowly. Intuitively, he favoured sale of the group's head office building, worth between £60m and £100m, against a probable £15m for Beatrice, but believed that decisions should be delayed as long as possible in order to take account of changing trading conditions. This view strengthened as bulk shipping markets staged a stronger than expected recovery in the second half of 1978.

By this time things were coming to a head. Marshall went on holiday in August and on his return was summoned to see Inchcape, who had already got the firm support of his five non-executive directors for a move to make himself executive chairman, reducing Marshall to managing director. Inchcape told Marshll that anxiety in the stock market required firm action on changes in management and on asset disposals. Although there were strong rumours of intervention by city institutions, such intervention has been publicly denied by Inchcape.

Marshall, with 30 years service behind him, decided to try and work with the new regime and put up proposals to draw the three shipping divisions (bulk, general cargo and ferries) together, and to take the energy interests out of the balance sheet by floating them as a separate company.

But the explanation of his final downfall does not turn on any particular policy disagreement. Beneath the Inchcape-Marshall alliance over Bovis lay a basic clash of personality and social background between a battling, outgoing lowland Scot and a withdrawn, but extremely tough multi-millionaire Scottish laird.

In 1975 Inchcape had relinquished his chairmanship of the group's executive committee in preparation for a year of heavy commitment as president of the General Council of British Shipping. The relationship between the two men became increasingly perfunctory, eventually involving little more than a half-hour session each week in which Marshall delivered a verbal report to his chairman. There were some specific disagreements, over such matters as board appointments, and as the relationship reached freezing point, some felt that Marshall was carrying too heavy a personal workload inside P & O.

In December 1978, Marshall returned from abroad demoted to joint managing director, alongside another old P & O man, Dick Adams. He still soldiered on, accepting the explanation that Adams' appointment was to release Marshall for the vice-presidency of the General Council of British Shipping, and then for the demanding presidential year. But within weeks, Marshall found himself unexpectedly rejected as a vice-presidential candidate. In March he resigned from P & O.

By then, the Inchcape broom was busy. He had swept out of existence P & O's corporate planning division (the remnants of which are now incorporated into the finance directorate), and cut his corporate public relations budget, with the result that the PR team resigned, almost en bloc. He has also set up a new executive committee, involving all executive directors and meeting at least weekly.

In addition there is now an executive inner cabinet of himself, Adams as deputy chairman, Mr. Harry Spanton, another long-time P & O man, and Mr. Oliver Brooks, former head of finance with the Inchcape group but since 1972 finance director of P & O. These men agreed with Inchcape that Beatrice must go, accepted his strategy on property and in cutting back overheads, including moving corporate staff from the headquarters building to cheaper premises nearby.

Dismantling of planning staff

Inchcape will not comment on the Marshall affair, but strongly rejects the idea that the dismantling of his staff of economic planners means he intends to fly by the seat of his pants. "I do believe in planning. We had too many people, that is all, making plans to the year 2000 when we have no funds to implement their ideas. We can recruit fresh planners when we need them." Meanwhile, planning is being done on a straightforward financial appraisal basis or in the divisions.

These divisions remain intact and their directors are clearly pleased with their greater access to information and freedom of operation. Although there was and is great personal affection for Marshall, it is significant that none of the executive directors has followed him.

That affection is partly based upon the recognition that Marshall got much of it right. The European transport business clearly benefited from the McKinsey consultancy overhaul nine years ago, when the outline of the Marshall style was established, with a strong chief executive backed by strong central services. The European division has steadily improved its margins since 1975 and, headed by the man responsible for the McKinsey investigation, has strong growth prospects. When the rumours of P and O's asset sales started, it was the target of numerous inquiries from would-be purchasers of parts of its portfolio. But none is up for sale.

Likewise in general cargo shipping, P and O recognised earlier than most the long-term problem of European countries dealing with cheap competition. So it went for specialised tonnage, sought the strength of consortia (its container shipping interests will shortly be entirely contained with the Overseas Containers consortium) and is now urgently working on reducing crew levels by around 10 per cent. The division's long-standing and heavy commitment to the Gulf has exaggerated swings in profitability in the last four years, but it remains a solid business. Its ships are full and rates are at least edging back towards profitable levels.

As for bulk shipping, the enormity of the gas ships error conceals the wisdom of an early disengagement from big tankers and, for example, the shrewd investment in a pair of 80,000 dwt tankers, which are among the most sought after class of ships in the world today. Even the gas ship fleet contains six older vessels which are cheerfully making money. Meanwhile cruising, the problem child of the early 1970s, is doing well, and Bovis has become P and O's second most profitable division after some painful re-structuring.

For all of that, the worries persist. P & O, it is said, is selling certain success in oil for risky participation in the cloudy future of British merchant shipping. In some quarters, the departure of Marshall, chiefly responsible for the shipping strategy and a man of great energy and determination, is considered to have gravely weakened the executive board.

Prospects for recovery

Certainly Inchcape, by moving from his preferred role behind the scenes to that of executive chief, has put his head on the block over P & O's future. But he has done it at a time when the prospects for recovery are strong.

He accepts, however, that P & O remains a "sitting duck" for a takeover bid and that it will become even more attractive as its debt profile is lowered in the next year. His comfort is the knowledge that P & O, for all its troubles, remains too big for the digestion of most potential British bidders.

As for foreign takeovers, it has not been forgotten that Furness Withy was only saved from foreign acquisition by Monopolies Commission intervention in 1976. P & O has some extra protection from any such bid by virtue of its 139-year-old Royal Charter, but it remains technically unclear whether that document's stipulations about the limitations on any overseas holding would really make much difference in practice. As one P & O director put it: "It's more of a trip-wire than a tank trap."

P & O PROFIT BY DIVISION

	1978 Operating result	1978 Associated companies	1978 Total	1977 Operating result	1977 Associated companies	1977 Total
Bulk Shipping	(1.7)	(2.0)	(3.7)	—	0.8	0.8
General Cargo	3.7	12.0	15.7	17.2	16.1	33.3
Passenger	10.2	none	10.2	6.3	none	6.3
European Transport & Agency Services	10.0	(1.0)	9.0	9.1	(0.2)	8.9
Energy	(0.4)	none	(0.4)	0.3	none	0.3
Bovis	12.0	—	12.0	8.0*	0.5	8.5
P & O Property	4.7	none	4.7	3.9	none	3.9
UK Banking	0.5	none	0.5	—	none	—
UK Insurance	0.4	none	0.4	1.1	none	1.1
Australia	6.6	0.5	7.1	7.7	0.5	8.2
Other overseas	(1.7)	0.1	(1.6)	(0.1)	(0.3)	(0.4)
	44.3	9.6	53.9	53.5	17.4	70.9

* *Including a civil engineering claim of £5.3m received by Boris Corporation, Canada.*

Source: P & O

LOMBARD

Anglo-German attitudes

BY MALCOLM RUTHERFORD

IT IS ENTIRELY appropriate that the first foreign head of government to visit Mrs. Thatcher in Downing Street should be Chancellor Schmidt of West Germany.

Both major British parties tended to stress the German example during the election campaign, and indeed during the long run up to it. Mr. Callaghan promised, if returned to office, to introduce something like the German system of three-way consultation—between government, unions and employers—on incomes policy.

The Conservatives at one stage were promising to introduce the German system of "concerted action" lock, stock and barrel. The promise was not contained in the Party's election Manifesto, but references to the way the Germans do better were a central feature of the Tories' campaign. One may suspect that neither party fully understands how the German example works, yet at least there was some inkling that it might be worth copying.

There is also something else. George Orwell once wrote that the British fought two world wars against the Germans, yet came back to admire the Germans more than any other Europeans. And it is true that the British and the Germans have a great deal in common. The question is to find out what, and then to determine how one can best help the other.

For the Labour Party, for example, there is the question of how the Social Democrats in West Germany continue to remain in power. Chancellor Kreisky has just made the same point in Austria by winning his fourth general election in a row—with an increased majority. It would be hard to argue convincingly that Chancellors Schmidt and Kreisky are any less internationalist, less humane or less concerned with the brotherhood of man than Mr. Callaghan, or even that the German electorate wants substantially different things than the British. Yet the fact remains that they go on winning, while Mr. Callaghan lost. There must be a lesson in that for the Labour Party somewhere.

It is also true that attempts have been made by successive Prime Ministers to improve Anglo-German relations. Sir Harold Wilson once thought he could play off Chancellor Kiesinger against General de Gaulle. Mr. Heath thought he could do it by stressing Britain's new European credentials. Mr. Callaghan thought he could establish a special relationship with Chancellor Schmidt. But in the end the same old problems arose—the Germans aren't paying enough, the German's aren't inflating enough, the Germans aren't doing enough. All those have been familiar British cries over the years.

There is another side of the coin. Whenever the Germans did try to do something, the British protested that they were doing too much. Some British politicians and officials even managed to hold both views at the same time.

That is exactly the position of the Carter Administration in the U.S. One of the explanations of the present shortcomings in German-American relations is that the old generation of Americans who understood the Federal Republic in the early days has passed on. The State Department is searching around somewhat desperately for someone who speaks German, has a grasp of European history and who is sufficiently senior to make things better. But it hasn't come up with anyone. In the meantime, the Administration is creating a German problem by adopting the old British complaint that the Germans ought to do more, and not liking it when they try.

The message coming through from Washington to London in the first days of Mrs. Thatcher's rule is that a strong British Government could give the Germans something else to look to, apart from the alliance with France.

Inability

Such a view is exceedingly patronising, and not only to the Germans. It appears to rely on the old Anglo-American special relationship and the idea that the U.S. can best talk to Europe through London. Mrs. Thatcher should have none of it.

One of the great services she could render would be to stop the arguments about Germans doing too much or too little. Seen from Europe, the problem is not Germany, but the peculiar inability of the Carter Administration to understand what Germany is about. Mrs. Thatcher would be doing very well if she told President Carter precisely that.

AROUND BRITAIN

SPALDING

Flower power

BY JOHN GRIFFITHS

IF THE SUN shines tomorrow, the population of the Lincolnshire market town of Spalding will expand, if only for a few hours, from 17,000 to over ½m. The attraction is the 21st annual Spalding flower parade and festival, in the course of which over 5m tulips have been beheaded to decorate floats, every church hall and club room converted to temporary tearooms (the profits from which will traditionally pay for the year's upkeep), and over 200 extra policemen drafted in for crowd control along the 4½-mile route.

Mr. Peter Atkinson, the parade organiser and general manager of Springfields Gardens, 30 acres of flower display grounds set up by Britain's bulb industry as a charitable trust on Spalding's outskirts, describes the festival as "the day the growers let their hair down." Increasingly during the past five years or so they have had good reason for doing so; it is not only the flowers that are blooming.

Last month Lingarden, a co-operative of 98 English growers, won a Queen's Award for exporting, not least for its "coals to Newcastle" success in selling heavily to the Dutch. Three miles down the road from Lingarden's headquarters, at the "white house" near the centre of Spalding, which is the home of the Geest group's operations, chairman Mr. Len Van Geest reflects with particular satisfaction on the steady expansion of the Horticultural Group's activities. For although Geest's operations now range far and wide, from bananas to computers, it is in the horticultural business that the Geest empire has its roots, stretching back into the bags on the bicycles from which the Van Geest brothers first started selling bulbs in pre-war Britain.

Between them, Geest and Lingarden account for nearly 50 per cent of bulb and cut flower production in Britain. But although during recent years Geest has absorbed some of the previously largest independents, such as Spalding Bulb Company, there remain in the principal bulb and flower-growing areas of Lincolnshire, Norfolk and Cornwall, dozens of medium-sized and smaller growers, with holdings ranging from a few acres to a few hundred, who are also sharing in what, during the 1970s, has become a mini export boom.

Eight years ago, British bulb and flower exports were almost non-existent. Sales were concentrated on a home market which seemed buoyant and which encouraged more and more farmers to turn over acreage to bulbs and flowers. The result was that by the early 1970s the UK had nearly 16,000 acres under cultivation, a saturated home market, falling prices and surpluses. That situation subsequently has had two effects: a determined search for markets abroad, and a shake-out of marginal producers which has seen the total acreage devoted to bulbs and flowers fall to some 10,000 acres—a figure which Mr. Bob Out, the Dutch-born general manager of Lingarden, believes should remain stable for the foreseeable future.

Britain's growers last year exported over £1½m worth of dry bulbs, well over 90 per cent of them daffodils, of which Britain is easily Europe's largest producer with an output nearly three times that of Holland. Exports of cut flowers, again primarily daffodils, topped £1.35m. In 1975, sales abroad for both categories combined barely topped £1m. Equally important, the home market has revived: total sales of bulbs have grown from £13m at retail prices in 1975 to £18m, the cut flower trade from £19m to £30m.

Imported daffodil bulbs account for less than 10 per cent of Britain's £5m market. The same still holds for tulips, even though they are a crop which is both difficult and expensive to look after, and which has seen some decline in the acreage devoted to them. "Overall," suggests Bob Out, "I believe the Dutch have been losing out tremendously."

Geest has a rather more wide-ranging approach, in which bulbs and cut flowers, although growing in volume, have come to play a relatively less important part in the horticultural operations on its 5,000 acres. Some 1,000 acres are devoted to bulbs and cut flowers, but it is under glass that the group has recorded its fastest growth. Geest now has 40 acres of glass-houses close to the town.

Commercially, the glass-houses provide a fair degree of insulation from the effects of severe winters like the last, the worst that many growers can remember. Even so the outdoor crops are holding up fairly well. The proportion of outdoor bulbs hit by frost surprisingly is not high, and most growers believe that given not too much rain and a reasonable amount of sunshine in the next few weeks, yields should be close to normal and with a further £2m-plus bulbs and flowers finding their way into the retail outlets of Europe.

Perhaps surprisingly, Dutch growers have not so far bought their way into UK production—"although I certainly get the feeling they would like to," says Bob Out. A look through Spalding's phone book might well lead one to conclude that he is wrong: Dutch names are numerous. But many of those belong to second-generation Britons, whose Dutch fathers who were here when war broke out, or who came here and did what they knew best; but who in any event were a major catalyst in getting the industry off the ground.

Trevor Humphries

Life afloat: Springfield's general manager, Peter Atkinson (left) with Bob Out of Lingarden.

Pointers to Piggott Derby ride

RACING

BY DOMINIC WIGAN

MORE LIGHT, runner-up to the Derby favourite, Ela-Mana-Mou, at Newmarket last month, heads the betting at 5-2 with the sponsors for the Mecca-Dante stakes at York on Wednesday.

Dick Hern's choice of a rider could well be of interest with an eye to the Derby. His stable jockey, Willie Carson, is definitely "out" for at least a fortnight owing to a broken collar bone. Furthermore Chester's course doctor is reported to have said that he could not see the champion race-riding for the next three weeks.

I cannot see Carson still being on the sidelines at Epsom on June 6, but there seems every probability that Lestor Piggott (now almost certainly not required for Gregorian in the Derby) will accept Wednesday's ride on More Light even if he knows that Carson may be going to renew the association. In any event a fluent victory for the combination of More Light and Piggott would see many people looking to a renewal of the partnership in Piggott's bid for a record ninth Derby.

In recent years, interest in Piggott's Derby choice has been almost as great as that in the race itself, which is hardly surprising considering the maestro's uncanny judgment in weighing up the classic. His last two winning mounts in the world's most famous flat race, Empery and The Minstrel, would not have been in the field but for his insistence. The one before that, Roberto, got home by a whisker under an inspired Piggott following an eve-of-race decision to drop Bill Williamson.

Although it seems safe to assume that Carson will be back in action for West Ilsley on June 6 I believe Piggott may still be bidding for a victory on a Hern colt, for Milford and Troy also remain very much in the Derby reckoning. Piggott will be unavailable for Milford in Saturday's Ladbroke trial at Lingfield owing to his late booking for Gerald Martin in Ireland's 2,000 Guineas; but there seems no reason why he should not take the mount on Troy in that Petingo colt's preliminary, the Predominate Stakes at Goodwood.

Although Piggott's name is again sure to be linked with virtually every intended Derby starter I have a hunch that the speculation may end with the announcement that he is to ride Milford on June 6.

There would certainly be no more popular outcome to this historic running of the Derby than a victory for the Queen's colt with Piggott in the saddle.

LINGFIELD

2.00—Socks Up
2.30—Fraternity**
3.00—Al-Amal
3.30—Bonnie Isle***
4.00—Score*
4.30—Godwit

TV/Radio

† Indicates programes in black and white.

BBC 1

9.38 am Schools. 10.45 You and Me. 11.30 Schools. 12.45 pm News. 1.00 Pebble Mill. 1.45 Heads and Tails. 2.02 Schools. 3.25 Teliffant. 3.55 Play School. 4.20 Heyyy, It's the King. 4.40 What do you Watch? 5.10 Lassie. 5.35 Paddington.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
7.00 It's A Knockout.
8.00 Two Up, Two Down.
8.30 Open All Hours.
9.00 News.
9.25 Petrocelli.
10.15 Tonight in Town. 10.45 News. †10.50 Film: "The Proud and the Profane" starring William Holden.

All regions as BBC1 except at the following times:

Scotland—5.55-6.20 Reporting Scotland. 10.15-10.45 Gallagher and Lyle; Songsmiths.

Wales—1.45-2.00 pm O Dan y Mor. 5.55-6.20 Wales Today. 7.00-7.20 Heddiw. 7.20-7.35 Dewch I'r Ardd. 7.35-8.00 Ask the Family. 10.15-10.45 Kane on Friday.

Northern Ireland — 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15-10.45 Mary Gilmore

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich) In the Country; Midlands (Birmingham) The Garden Game; North (Leeds) Direct Line; North East (Newcastle) Mike on Friday; North West (Manchester) Sense of Place; South (Southampton) The Great Liners; South West (Plymouth) Peninsula; West (Bristol) Day Out.

6.40-7.55 Open University.
11.00 Play School.
4.50 Open University.
6.55 Gardener's World.
7.20 News.
7.30 Heads and Tails.
7.45 The Hillsiders Sing Country.
8.10 Chronicle.
9.00 The Fivepenny Piece Show.
9.30 The Other Side.
10.20 International Gymnastics.
10.50 Bullseye: BBC2 Trophy.
11.20 News.
11.35-1.30 am "Killer!" film with Michel Duchaussoy.

LONDON

9.30 am Schools. 12.00 Song Book. 12.10 pm Rainbow. 12.30 The Cedar Tree. 1.00 News. 1.20 Thames News. 1.30 Home and Design. 2.00 After Noon Plus. 3.20 You're Only Young Twice. 3.50 The Sullivans. 4.15 Midnight Is A Place. 4.45 Magpie. 5.15 Thames Sport.

5.45 News.
6.00 Thames at Six.
6.30 Emmerdale Farm.
7.00 Mork and Mindy.
7.30 Winner Takes All.
8.00 Hawaii Five-O.
9.00 Kids.
10.00 News.
10.30 Who'll Win the Cup?
11.00 Police 5.
11.10 The London Programme.
12.10 am The Electric Theatre Show.
12.40 Close.

ANGLIA

1.25 pm Anglia News. 2.25 Pine Canyon Is Burning (film) with Kent McCord. 5.15 University Challenge. 6.00 About Anglia. 7.00 Father Dear Father. 7.30 Gambit. 8.00 Chips. 10.30 Probe. 11.00 Who'll Win The Cup? 11.30 Life Begins at 8.30 pm (film) starring Monty Wooley. 1.05 am Men Who Matter.

ATV

1.20 pm ATV Newsdesk. 2.25 The Royal Windsor Horse Show. 5.15 Happy Days. 6.00 ATV Today. 7.00 Oh No! It's Selwyn Froggitt. 8.00 The Incredible Hulk. 11.00 Butterfield 8 (film) starring Elizabeth Taylor.

BORDER

1.20 pm Border News. 2.25 Royal Windsor Show. 5.15 Garnock Way. 6.00 Lookaround. 6.30 Happy Days. 7.00 Father Dear Father. 8.00 Streets of San Francisco. 11.00 Spring Sport. 11.30 Celebrity Concert. 12.30 am Border News.

CHANNEL

1.18 pm Channel News. 2.25 The Specialists (film) with Robert York. 5.15 Emmerdale Farm. 6.00 Report At Six. 6.35 Lucan. 10.28 Channel News. 11.00 The Danton Review. 11.20 House of the Damned (film) with Ronald Foster. 12.30 News and Weather in French.

GRAMPIAN

1.20 pm Grampian News. 5.15 Emmerdale Farm. 6.00 Grampian Today. 6.35 Father Dear Father. 7.30 Farmtoun Folk. 10.30 Reflections. 10.35 "Count Yorga, Vampire" (film) starring Robert Quarry. 12.25 am Grampian Headlines.

GRANADA

1.20 pm Cartoon. 2.25 "You Lie So Deep My Love" (film) with Don Galloway. 6.00 Granada Reports. 6.30 Kick Off. 7.00 The Girl with Something Extra. 8.00 The Streets of San Francisco. 11.00 Darts World Knock-out Cup. 11.30-1.20 am The Double Man (film) with Yul Brynner.

HTV

1.20 pm Report West. 1.25 Report Wales. 2.25 Cricket. 5.15 Gambit. 6.00 Report West. 6.15 Report Wales. 7.00 Survival. 11.00 Checkpoint (film) with Anthony Steel.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion. 4.15-4.45 Awyrennau I'r Adwy. 6.00-6.15 Y Dydd. 11.00-11.30 Outlook. 11.30-12.25 The New Avengers.

HTV West—As HTV General Service except: 1.25-1.30 pm Report West. 6.00-6.30 Report West.

SCOTTISH

1.25 pm News and Road and Weather. 2.25 Whicker's World. 5.15 Gambit. 6.00 Scotland Today. 7.00 Do You Come Here Often? 8.00 Streets of San Francisco. 10.30 Ways and Means. 11.00 Late Call. 11.05-12.40 am Hit Lady (film) with Yvette Mimieux.

SOUTHERN

1.20 pm Southern News. 2.25 The Shell Game (film) starring John Davidson. 5.15 Happy Days. 6.00 Day By Day. 6.00 Scene South East. 6.30 Out of Town. 8.00 Streets of San Francisco. 10.30 Weekend. 10.35 Opinions Unlimited. 11.05 Southern News. 11.15 Who'll Win The Cup? 11.45-1.30 am For Your Pleasure (film) starring Marita Nordberg.

TYNE TEES

9.25 am The Good Word. 1.20 pm North-East News. 2.25 "Who Killed the Cat?" (film). 5.15 Laverne and Shirley. 6.00 Northern Life. 7.00 Alright Now! 8.00 The Incredible Hulk. 10.30 Friday Live. 12.00 Who'll Win The Cup? 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 "Let's Switch" (film) with Barbara Eden. 4.13 Ulster News. 5.15 Gambit. 6.00 Good Evening Ulster. 6.30 Sportscast. 8.00 The Streets of San Francisco. 11.00 Space 1999. 12.00 Bedtime.

WESTWARD

12.27 pm Gus Honeybun. 1.20 Westward News. 2.25 The Specialists (film) starring Robert York. 5.15 Emmerdale Farm. 6.00 Westward Diary. 6.35 Time Out. 7.00 Southwest Showcase. 10.28 Westward News. 11.00 The Danton Review. 11.20 House Of The Damned (film) starring Ronald Foster. 12.30 am Faith For Life.

YORKSHIRE

1.20 pm Calendar News. 2.25 Friday Film Matinee: "Let's Switch" (film) with Barbara Eden. 5.15 Give Us A Clue. 6.00 Calendar. 6.35 Calendar Summer Sport. 8.00 The Incredible Hulk. 11.00-1.10 The Birds (Hitchcock film).

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast.
‡ Medium wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 6.31 Roundtable. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 The Friday Rock Show (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary; Weather. 5.02 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S) including 2.45, 3.45 Sports Desk. Racing from Lingfield. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 John Dunn (S). 6.45 Sports Desk. 7.02 Listen To Les (S). 7.30 Sports Desk. 7.33 Fiesta de Dorita (S). 8.02 Frank Chacksfield (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.02 Sequence Time. 11.02 Brian Matthew. (12.00 News.) 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Brahms (S). 9.50 Young Artists' Recital (S) Thilman, Beethoven, Bloch, Beethoven. 10.45 The King Singers (S) Concert, part 1. 11.30 Interval Reading. 11.35 Concert, part 2. 12.10 pm Midday Concert (S) part 1: Sibelius, Schumann. 1.00 News. 1.05 Playbill (S). 1.20 Midday Concert (S) part 2: Bentzon. 2.00 Royal Repertoire (S) Music by Stravinsky, Milhaud, Ravel. 3.25 18th-Century Violin Music (S). 4.25 The Young Idea (S). 5.25 Homeward Bound (S). ‡5.45 News. ‡5.50 Homeward Bound. ‡6.15 At Home. 7.10 Smetana's Last Years (S). 8.00 Bruckner (S): Symphony No. 3. 9.05 Jo Longhorn. 9.30 Veronica McSwiney (S) Piano recital: Field, Prokofiev. 10.10 Music Now. 11.00 Bach Cantatas (S). 11.35 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News headlines; 7.45 Thought for the Day. 8.45 Graham Greene Stories. 9.00 News. 9.05 Baker's Dozen. 10.00 News. 10.05 From Our Own Correspondent. 10.30 Service. 10.45 Story. 11.00 Down Your Way. 11.40 Announcements. 11.45 Listen With Mother. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather: programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 The Small, Intricate Life of Gerald C. Potter. 4.55 Story Time. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Week Ending (S). 10.55 Phil on Friday. 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 John Ebdon. 11.45 Just Before Midnight (S). 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 London Sports Desk. 6.35 Good Fishing. 7.00 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Track Record. 10.00 Late Night London. From 12.00 midnight Joins Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 The AM Show. 10.00 Brian Hayes 1.00-8.00 pm LBC Reports with George Gale at 3.00 pm. 8.00 After Eight. 9.00 Night Line. 1.00 am Night Extra.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne (S). 11.00 Mike Allen's Late Show (S). 2.00 am Ian Davidson's London Link International (S).

F.T. CROSSWORD PUZZLE No. 3,968

ACROSS

1 Unfortunate accident in skirmish apparently (6)
4 Entertained a goddess in this age (6)
8 Fear produced by tiny axe (7)
9 Gazing at article tied up by cord (7)
11 Priority given to some shares (10)
12 Watch the television scene (4)
13 Woodland to clean (5)
14 Engaged substitute before start of Derby (8)
16 Plot in front of farm where-on one may rest (8)
18 Gather together for a church service (5)
20 Notion that's not totally perfect (4)
21 Feel press material could start a fire (5-5)
23 Not reluctant, although sick in side of stage (7)
24 Spy, about to secure with a rope, is wet and muddy (7)
25 Form of transport for a brood of animals (6)
26 Unusual story about Oriental native (6)

DOWN

1 Soldier leading other ranks in nobleman's land (5)
2 More rigid body engineers set up (7)
3 Mixed a tall beer but it could be changed (9)
5 What bishops wear to turn a corner (5)
6 One who attempts to give way over flower (7)
7 The proportion of a mass to volume could be stupidity (9)
10 Trapped spirit but it's there to be beaten (5-4)
13 Notice vicar on brook, it should be right for setting (4-5)
15 Rebuke dwarf who's punch-drunk (4-5)
17 Begin to accept the French young film actress (7)
19 A mother insect could be unyielding (7)
21 Time to be strained? (5)
22 The French and her are clearly up in the air (5)

SOLUTION TO PUZZLE No. 3,967

DUTYFREE SPARED
STALL APPENDAGE
GUNCOTTON ICTUS
FITTER RASPING
PRELATE BRANCH
EYRIE CHEAPENER
DEVILMENT NAIVE
RETURN HAIRBELL

ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit cards. 01-240 5258. Reservations 01-836 3161. ENGLISH NATIONAL OPERA Tonight & Thur at 7.00: Manon "the greatest combined effect of anything in the English National Opera repertoire." Sun. Tel. "Its new production at the London Coliseum is the best possible advertisement for English National Opera." E. Stand. Tomor at 7.00: Carmen. Tues at 7.30: New Production Shostakovich's The Nose. Wed at 7.30: The Italian Girl from Algiers. 104 balcony seats avail. from 10.00 on day of performance.

COVENT GARDEN. CC. 240 1066. (Gardencharge Credit Cards 836 6903). THE ROYAL BALLET Tonight & Thurs. 7.30 The Dream, Monotones, Tweedledum and Tweedledee. A Month in the Country. Tomor. 2.00 and 7.30 Concerto Liebeslieder Walzer, Facade. THE ROYAL OPERA Tues. 7.30 The Ice Break. (Student standby: Ursold seats £1, one hour before certain ups.) 65 Amphi. seats available for all perfs. from 10 am on day of performance.

FRENCH INSTITUTE, Queensberry Place, South Ken. 589 6211, ex. 40 (office hours). Mon. 14th Tues. 15th May at 7.30 pm.

BALLETS BASQUES ORAIBAT de BAYONNE. Seats £2.00, £1.20 members, students, groups over 10.

SADLER'S WELLS THEATRE, Rosebery Ave., EC1. CC. 837 1672. SADLER'S WELLS ROYAL BALLET Ton't 7.30. Tomor 2.30 & 7.30. Les Rendezvous, Meadow of Proverbs, Pineapple Poll. Last Perfs.

THEATRES

ADELPHI THEATRE. 01-836 7611. Evgs. 7.30. Mats. Thurs. 3.00, Sat. 4.00 (Seats from £1 at doors) LONDON'S HAPPIEST MUSICAL BEYOND THE RAINBOW Starring FREDDY QUINN (winner of 13 Golden Discs) and ROY KINNEAR Over 200 Perfs. Booking to Sept.

ALBERY. From 8.30 am incl. Suns. 836 3878. CC. Bookings 836 1071-3. Party rates. Evgs. 7.45. Thurs. and Sat. 4.30, 8.00. A THOUSAND TIMES WELCOME IS LIONEL BART'S OLIVER "MIRACULOUS MUSICAL" Financial Times. with ROY DOTRICE GILLIAN BURNS, MARGARET BURTON CHILDREN'S HALF-PRICE OFFER DAY OF PERFORMANCE Now booking to 1980.

ALDWYCH. CC. 836 6404. Info 836 5332. ROYAL SHAKESPEARE COMPANY Tonight, Tomorrow 7.30 Saturday 2.00 and 7.30 THE TAMING OF THE SHREW "Daring dazzling, tradition-defying." E. News. With: LOVE'S LABOURS LOST (next perf. 17 May). New production Mikhail Bulgakov's THE WHITE GUARD flow price previews from 23 May). RSC also at THE WAREHOUSE (see under W).

AMBASSADORS. CC. 01-836 1171. Evs. 8.00. Fri. and Sat. 5.30 and 8.30. DINSDALE LANDEN, GWEN WATFORD, DAVID BURKE, ANGELA DOWN in BODIES by James Saunders "ITS IMPACT HIT ME LIKE A THUNDERBOLT FROM JOVE. THE LANGUAGE BLAZES WITH WIT AND INTELLIGENCE AND ITS THEME ELECTRIFIES." D. Mail. BODIES "WHEN WE HAVE LAUGHED AT ITS WIT, BEEN HELD IN THE GRIP OF ITS DRAMA AND REVELLED IN THE COLOURS AND LAYERS OF ITS LANGUAGE 'BODIES' STILL RAISES ECHO AFTER ECHO IN OUR MINDS AND HEARTS. DINSDALE LANDEN'S PERFORMANCE IS WORTH GOING MILES TO SEE." Bernard Levin. BODIES "MR. LANDEN GIVES WHAT I INSIST IS THE BEST PERFORMANCE IN A MODERN PLAY NOW TO BE SEEN IN LONDON." Ev. News.

APOLLO THEATRE. CC. 01-437 2663. Evs. 8.00. Sat. 5 and 8. Mat. Th. 3.00. IAN LAVENDER CHRISTOPHER TIMOTHY JULIA FOSTER in HAPPY BIRTHDAY A VERY FUNNY NEW COMEDY BY THE AUTHORS OF "BOEING BOEING." "FEYDEAU LIVES CA VA!" Gdn. "IT WILL PROBABLY RUN AND RUN." Daily Mail.

ARTS THEATRE. 01-836 2132. TOM STOPPARD'S DIRTY LINEN "Hilarious ... see it." Sun. Times. Monday to Thursday 8.30, Friday and Saturday 7.00 and 9.15. NOW IN ITS 4TH YEAR

ASTORIA, Charing Cross Rd. S. CC from 8.30 am 01-734 4291 or 439 8031. Mon-Thur 8 pm Fri & Sat 6.0 & 8.45 pm ELVIS BEST MUSICAL OF THE YEAR EVENING STANDARD AWARD 1977 Group bookings 01-437 3856.

CAMBRIDGE. 01-836 6056. B/Office. Opens Mon.-Sat. 10 am-10 pm, Sun. 11 am-7 pm. CC 01-836 7040. Mon.-Thur. 8.00. Fri. and Sat. 5.00 and 8.30. THE CRITICS HAVE RAVED ABOUT CHICAGO THE SMASH HIT BROADWAY MUSICAL Group bookings 01-437 3856.

CHICHESTER Festival THEATRE. 0243 781312. Season sponsored by Martini & Rossi. This week Evenings 7.0. Matinees Thursday and Saturday 2.00. THE DEVIL'S DISCIPLE

COMEDY THEATRE. CC. 01-930 2578. Mon. at 9.00. Mats. Fri. and Sat. 6.30. THE ONLY ROCK 'N' ROCK SHOW THE ROCKY HORROR SHOW SNACK BAR OPEN 1 HR. BEFORE PFS.

CRITERION. From 8.30 am inc. Suns. 930 3216 CC bkgs. 836 1071. Last perfs. Today, Tomor. 5.45 & 8.30. BEST COMEDY OF THE YEAR Evening Standard Drama Awards GLOO JOO "THE MOST HILARIOUS PLAY FOR YEARS." FT.

CRITERION. From 8.30 am inc. Sun. 930 3216. CC bkgs. 836 1071. Evs. 8.0. Fri. and Sat. 5.30 and 8.30. FROM WEDNESDAY LEWIS FIANDER ELIZABETH ESTENSEN CLOUDS "IS BLISS." Observer. "MICHAEL FRAYN'S FUNNIEST PLAY." Dly. Telegraph.

DUKE OF YORK'S. CC. 01-836 5122. Evenings 8.00 pm. Mats. Thurs. 3.00 pm. Sats. 5.30, 8.30. TOM COURTENAY FELICITY KENDAL CLOUDS "IS BLISS." Observer. "MICHAEL FRAYN'S FUNNIEST PLAY." Dly. Telegraph. TRANSFER WEDNESDAY 16th MAY. SEE CRITERION THEATRE.

DUCHESS. 01-836 8243. Mon. to Thurs. Evs. 8.00. Fri. and Sat. 5.30 and 8.15. OH! CALCUTTA! "The nudity is stunning." Daily Tel. Ninth Sensational Year.

DRURY LANE. CC. 01-836 8108. Reduced price preview Mon. 28 May. Opens Tuesday 29 May at 7 pm. Evgs. 8 pm. Friday and Sat. 6 pm and 8.45 pm "BRASIL TROPICAL" THE STAGE EXTRAVAGANZA FROM THE RIO CARNIVAL

FORTUNE. 836 2238. Evs. 8.00. Mats. Thurs. 3.00. Saturdays 5.00 and 8.00. AGATHA CHRISTIE'S MURDER AT THE VICARAGE FOURTH GREAT YEAR

GARRICK. CC. 01-836 4601. Evgs. 8.00 (sharp). Wed. 3.00. Sat. 5.30 and 8.30. DENNIS QUILLEY in IRA LEVIN'S NEW THRILLER DEATH TRAP "THREE CHEERS FOR TWO HOURS OF VERY INGENIOUS, VERY FUNNY, MARVELLOUS ENTERTAINMENT." S.Tel. "VERY EXCITING." Fin. Times.

GLOBE THEATRE. CC. 01-437 1592. Evs. 8.15. Wed. 3.00. Sat. at 6.00, 8.40. ALISON STEADMAN CHRISTOPHER CASENOVE JOKING APART "ALAN AYCKBOURN has done it again His latest comedy sparkles with wit." NOW "SPLENDIDLY FUNNY." D. Exp. "IT'S A HIT. NO JOKING." S. Mirror.

GREENWICH THEATRE. 01-858 7755. Evenings 8.00. Mats. Saturday 2.30. SHE WOULD IF SHE COULD. "Nobody with a taste for Restoration comedy must miss Jonathan Miller's revival." D. Tel. From May 16 Molnar's THE PLAY'S THE THING. Adapted by P. G. Wodehouse.

HAYMARKET. 01-930 9832. Evgs. 8.00. Wed. 2.30. Sat. 4.30. 8.00. KEITH MICHELL SUSAN HAMPSHIRE in the new SHERLOCK HOLMES MYSTERY THE CRUCIFER OF BLOOD by PAUL GIOVANNI "The kind of spectacle I cannot recall since boyhood ... terrific stuff." E. News

HER MAJESTY'S. CC. 930 6606. Evgs. 8.0. Wed. 3.0. Sat. 5.15 and 8.45 AIN'T MISBEHAVIN' The New Fats Waller Musical Show "A RIOTOUS HIT." Daily Mail. "JUBILANT, THE BEST PERFORMANCE OF ANY MUSICAL IN LONDON." Obs.

KING'S HEAD. 226 1916. Dnr. 7.30. Show 8.30. FIFTY WORDS: BITS OF LENNY BRUCE with Danny Brainin, Denis Lawson and Deborah Norton. 1.15 pm FEET FIRST.

LYRIC THEATRE. CC. 01-437 3686. Evgs. 8.00. Thurs. 3.00. Sat. 5.00, 8.30. JOAN PLOWRIGHT FRANK FINLAY PATRICIA HAYES in FILUMENA by Eduardo de Filippo Directed by FRANCO ZEFFIRELLI Society of West End Theatre Award. COMEDY OF THE YEAR ACTRESS OF THE YEAR "TOTAL TRIUMPH." Evg. News. "AN EVENT TO TREASURE." D. Mir. LIMITED SEASON ONLY.

MAY FAIR. 01-629 3036. Evenings 8.00. Sat. 6.00 and 8.45. A DAY IN HOLLYWOOD A NIGHT IN THE UKRAINE A MUSICAL REVUE "Superlative non-stop comedy." E. News. "A scorcher of home-grown entertainment." Daily Mail. "A laugh riot, sheer fun ... not to be missed. Treat yourself to a good time and see it." S. Express. "The funniest show I have seen in five years." Capital Radio.

NATIONAL THEATRE. 928 2252. OLIVIER (open stage): Ton't & Tomr. 7.30 STRIFE by Galsworthy. Mon. and Tue. next 7.30 last perfs. A Fair Quarrel. LYTTELTON (proscenium stage): From 18 May 7.45 prevs. CLOSE OF PLAY. COTTESLOE (small auditorium) until May 22 nightly at 8 LARK RISE by Keith Dewhurst with THE ALBION BAND. All tkts. promenade £1.90. PLATFORM PERFORMANCES: Ton't at 6 in the Olivier: BRECHT POEMS/EISLER SONGS. 45 mins. Tkts. 50p. Due to the dispute involving stage Staff. Strife. A Fair Quarrel and The Double Dealer are given in limited decor at only £2. Excellent cheap seats from 10 am day of perf all 3 theatres Car park. Restaurant 928 2033. Credit card bookings 928 3052.

OPEN AIR REGENT'S PARK. 486 2431. A MIDSUMMER NIGHT'S DREAM. Previews from 28th May. TWELFTH NIGHT joins repertory July 3. Lunchtime programme includes EXIT BURBAGE OVERRULED AND O'FLAHERTY V.C. The last two join main repertory as Shaw Double Bill in August. BOOK NOW.

OPEN SPACE. 387 6969. Tues-Sun. at 8.00: PS YOUR CAT IS DEAD by James Kirkwood. "Blessed with two splendid performances by David Baxt ... and Christopher Gable." Ev. Standard.

PALACE. CC. 01-437 6834. Mon-Thurs 8.00. Fri. and Sat. 6.00, 8.40. JESUS CHRIST SUPERSTAR by Tim Rice and Andrew Lloyd-Webber.

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in Rodgers and Hammerstein's THE KING AND I also starring VIRGINIA McKENNA OPENS TUESDAY 12th JUNE BOX OFFICE NOW OPEN. HOTLINE 01-437 2055.

PHOENIX THEATRE. CC. 01-836 2294. Evs. 8.00. Wed. 3.00. Sat. 5.00 and 8.30 DIANA RIGG JOHN THAW in NIGHT AND DAY A new play by TOM STOPPARD Directed by Peter Woods BEST PLAY OF THE YEAR Evening Standard Drama Award

PICCADILLY. From 8.30 am incl. Suns. 01-437 4506. CC bkgs. 836 1071. Evgs. 8.00. Thurs. and Sat. 5.30, 8.30. HELEN SHAPIRO "Triumphant." D. Tel. "A Showstopper." E.N. AMANDA BARRIE "Memorable." F.T. THE FRENCH HAVE A SONG FOR IT. "A musical entertainment" "Wafted on your way with a score of melodies lifting along your heart." D.T.

PRINCE EDWARD. CC. 01-437 6877. Evenings 8.00. Mats. Thurs. Sat. 3.00. EVITA by Tim Rice and Andrew Lloyd-Webber Directed by Harold Prince.

PRINCE OF WALES. 01-930 8681. Credit card bookings 930 0846. Mon. to Thurs. 8.00. Friday and Sat. 6.00 and 8.45. ALAN AYCKBOURN'S smash-hit comedy BEDROOM FARCE "If you don't laugh, sue me." D. Exp. A National Theatre Production.

QUEEN'S. CC. 01-734 1166. Evgs. 8.00. Fri. and Sat. 6.00 and 8.45. "MAGICAL" TOMMY "A DREAM OF A SHOW." Ev. News, by PETER TOWNSHEND and THE WHO. A ROCK MUSICAL with ALLAN LOVE, PETER STRAKER LAST 2 WEEKS. ENDS MAY 19.

RAYMOND REVUEBAR. CC. 734 1593. At 7.00, 9.00, 11.00 pm. Open Suns. Paul Raymond presents THE FESTIVAL OF EROTICA Fully air-conditioned. 21st Year.

ROYALTY. CC. 01-405 8004. Monday-Thursday evenings 8.00, Fridays 5.30 and 8.45. Saturdays 3.00 and 8.00. BUBBLING BROWN SUGAR NOW IN ITS 2nd GREAT YEAR [illegible]

ROYAL COURT. 730 1745. Evgs. at 8. Sat. 5.00 and 8.30. IAN McKELLEN, TOM BELL in BENT by MARTIN SHERMAN "a work of considerable dignity and passion." Gdn.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. Evgs. 7.30 PSY-WARRIORS by David Leland "This exciting and compelling production." Ev. Std.

SAVOY THEATRE. 01-836 8888. Credit Cards 01-734 4772. BILL PATERSON "One of the very finest performances of British Theatre." FT in WHOSE LIFE IS IT ANYWAY PLAY OF THE YEAR West End Theatre Award by Brian Clark. "A momentous play I urge you to see it." Gdn. Evs. 8.00, Sat. 5.45, 8.45. Red. Mats. Wed. 3.00.

ST. MARTIN'S. Credit Cards 836 1443. Evs. 8. Mat. Tues. 2.45. Sat. 5, 8. AGATHA CHRISTIE'S THE MOUSETRAP WORLD'S LONGEST-EVER RUN 27th YEAR

ST. GEORGE'S SHAKESPEARE THEATRE. 01-607 1128. Tufnell Park Road. Evgs. 7.30. Mats. Tues., Thurs. 2.30. JULIUS CAESAR "Bernard Hepton ... the Caesar we always want to meet and seldom do." J. C. Trewin. "A full blooded cloak and dagger version ... this high adventure Julius Caesar." S. Tel. Tickets also bookable at The Theatre Shop Phoenix Theatre.

SHAFTESBURY. 836 6596. CC. 836 4255 "S" Evenings 7.45. Wed & Sat 4.30 & 8 BAWDY COMEDY MUSICAL CANTERBURY TALES "LOTS OF SEX PLEASE WE'RE BRITISH." SUMS UP THE SHOW'S APPEAL." D. Mirror. "DECENT, HONEST, TRUTHFUL." F. Times.

STRAND. 01-836 2660. Evenings 8.00. Mats. Thurs. 3.00. Sats. 5.30 and 8.30. NO SEX PLEASE— WE'RE BRITISH LONGEST-RUNNING COMEDY IN THE WORLD.

STRATFORD-UPON-AVON. Royal Shakespeare Theatre (0789) 292271. Tickets immediately available for RSC in THE MERRY WIVES OF WINDSOR today (mat), May 14 15. CYMBELINE tonight May 16, 17 (mat). Recorded booking info (0789) 69191.

TALK OF THE TOWN. CC. 01-734 5051. AIR CONDITIONING. CREDIT CARDS. CELEBRATING 21 YEARS From 8. Dining and Dancing 9.30. SUPER REVUE "BUBBLY" at 11 pm TONY MONOPOLY

VICTORIA PALACE. CC. 01-828 4735-6. 01-834 1317. Evgs. 7.30. Mats. Wed. and Sat. 2.45. STRATFORD JOHNS SHEILA HANCOCK in ANNIE "BLOCKBUSTING SMASH-HIT MUSICAL." Daily Mail. Best Musical of the Year 1978. Evening Standard Drama Award.

VAUDEVILLE. CC. 01-836 9988. Evs. 8.00 Mat. Weds. 2.45. Sats. 5.00, 8.00. JEAN KENT and JOYCE CAREY (as Miss Marple) A MURDER IS ANNOUNCED by AGATHA CHRISTIE "A VINTAGE PIECE OF CHRISTIE WHODUNITRY." Sunday People. "WELL LOVED PARTY GAME BY THE BEST CONJUROR IN THE BUSINESS." Financial Times.

WAREHOUSE. Donmar Theatre, Covent Garden. Box Office 836 6808. Royal Shakespeare Co. Ton't. Tomor. 7.30 Sat. 2.00 and 7.30 THE MERCHANT OF VENICE "Magnificently evocative." Gdn. All seats £2. Adv. bkgs. Aldwych. Students £1 in advance.

WESTMINSTER. CC. 834 0283. THE WORST OF KENNETH ROBINSON Daily 6.00 pm. Sats. 5.00 and 8.00 pm £2 £3 £4 Only until May 19 BOOK NOW MIKADO Opens May 30. Reduced price previews May 28-29 at 7.45. BOOK NOW.

WHITEHALL. CC. 01-930 6692 7765. Monday to Thursday 8.00. Fri. and Sat. 6.10 and 8.50. IPI TOMBI The African Musical Explosion. A pulsating riot of Dance and Song. FOURTH GREAT YEAR.

WINDMILL. CC. 437 6312. Nightly at 8.00 and 10.00. Sunday 6.00 and 8.00. Paul Raymond presents RIP OFF. The erotic experience of the modern era. Now showing new second edition. New girls, new acts, new production.

WYNDHAM'S. From 8.30 am inc. Suns. 01-836 3028. Credit card bkgs 836 1071 Mon.-Thurs. 8.00. Fri. and Sat. 5.15, 8.30 "ENORMOUSLY RICH" Mary O'Malley's smash-hit comedy ONCE A CATHOLIC "VERY FUNNY." E. News. "Sure-fire comedy of sex and religion." Daily Tel. "MAKES YOU SHAKE WITH LAUGHTER." Guardian.

YOUNG VIC. 928 6363. Evs. 7.30. Mat's Thu 2. John Osborne's LOOK BACK IN ANGER till May 26.

CINEMAS

ABC 1 and 2, SHAFTESBURY AVE. 836 8861. Sep. Perfs. ALL SEATS BKBLE. 1: THE DEER HUNTER (X). Wk. and Sun. 2.15, 7.30. Late show Tonight and Sat. 11.00. 70 mm Dolby stereo. 2: THE CLASS OF MISS MACMICHAEL (AA). Wk. and Sun: 2.00 5.15 8.15.

CAMDEN PLAZA. Camden Town. 485 2443 (opposite Tube). MAX OPHULS MADAME DE ... (A). Progs. daily 2.05, 4.15, 6.30, 8.50.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus Tube). 01-839 1527. 1: George C. Scott MOVIE-MOVIE (A) Progs. 1.40, 3.35, 5.55, 8.15. 2: Glenda Jackson, Oliver Reed THE CLASS OF MISS MACMICHAEL (AA). Progs. 12.45, 3.00, 5.30, 7.55. 3: Gregory Peck, Laurence Olivier, THE BOYS FROM BRAZIL (X). Progs. 2.20, 4.55, 7.40. Visit our new American style SODA FOUNTAIN RESTAURANT. Opens 5.30-midnight. Table reservations 930 1787.

CLASSIC 1, 2, 3, 4. Oxford Street. 636 0310 (opp. Tottenham Court Rd. Tube). 1: Tony Curtis, Susan Strasberg MANITOU (X) in Dolby Stereo. Progs 1.00, 3.30, 6.00, 8.30. 2: KENTUCKY FRIED MOVIE (X). Progs. 1.35, 3.45, 5.55, 8.10. 3: JULIA (A). 4.35, 8.40. TURNING POINT (A). 2.15, 6.25. 4: THE WARRIORS (X). Progs. 1.05, 3.25, 5.50, 8.15.

CLASSIC, Leicester Square. 01-930 6915. THE HILLS HAVE EYES (X). Peter Berkowitz MR. SMITH (X). Progs. 12.50, 3.15, 5.40, 8.05.

CLASSIC POLY, Oxford Circus (Upper Regent Street). 637 9863. Ingrid Bergman, Liv Ullman AUTUMN SONATA (AA). Progs. 1.30 (not Sun) 3.45, 6.00, 8.15.

CURZON, Curzon Street, W1. 499 3737. Grand Prix Cannes '78 THE TREE OF WOODEN CLOGS (A). A film by OLMI (English subtitles). Daily at 2.30 and 7.15. Sundays at 3.40 and 7.15. "One of the most beautiful films we are ever likely to see." The Guardian.

LEICESTER SQUARE THEATRE (930 5252) FIREPOWER (A). Sep. progs. Wks. 2.00, 6.00, 8.15. Sun. 3.30, 7.45. Late Night Show Fri. and Sat. 11.45 pm. All seats bkble in advance at Box Office or by post for 8.15 progs Mon-Fri and all progs Sat and Sun. No Late Show bookings.

ODEON LEICESTER SQUARE (930 6111). THE LADY VANISHES (A). Elliott Gould, Cybill Shepherd, Angela Lansbury, Herbert Lom, Arthur Lowe, Ian Carmichael. Sep. progs. Wk. doors open 1.45, 4.45, 7.45. Sun. 3.00, 7.45. Late Night Show Fri. and Sat. doors open 11.45 pm. All seats bkble in advance at Box Office or by post.

ODEON MARBLE ARCH W2 (723 2011-2) SPIDERMAN STRIKES BACK (U). THE THIEF OF BAGHDAD (U). Sep. progs. Dly. 2.30, 7.00. Late night show Sat. 11.00 pm.

PRINCE CHARLES, Leic. Sq. 437 8181. Dustin Hoffman, Vanessa Redgrave AGATHA (A) Sep Perfs Dly (inc Sun) 12.40, 3.10, 5.55, 8.35. Late Show Nightly 11.15. Seats Bkble. Lic'd Bar.

SCENE 3 and 4, Leic. Sq. (Wardour St.). 439 4470. 3: THE CLASS OF MISS MACMICHAEL (AA). Progs 12.30, 2.35, 6.40, 8.15. Late Show Fri and Sat 10.40. 4: I NEVER PROMISED YOU A ROSE GARDEN (X). Progs. 1.25, 3.45, 6.00, 8.20. Late Show Sat. 10.40.

STUDIO 1, 2, 3 and 4, Oxford Circus. 437 3300. 1: THE CLASS OF MISS MACMICHAEL (AA). Progs. 1.10, 3.00, 5.35, 8.15. Late Show Sat. 10.50. 2: Agatha Christie's DEATH ON THE NILE (A). Progs. 2.30, 5.25, 8.10. Late Show Sat. 10.40. 4: THE DEER HUNTER (X). Sep. Perfs. Dly. 12.30, 4.05, 7.40. Late Show Sat. 11.20. Seats Bookable.

THE ARTS

Arts, Cambridge

The Country Wife

by B. A. YOUNG

This is not Wycherley's *The Country Wife* but the emasculated version made by Garrick for Drury Lane, where it was presented as *The Country Girl*. The Actors Company (and it is nice to see them in riotous good form) has chosen it to celebrate the Garrick bicentenary, but to tell the truth it's not an ideal choice, for Garrick has taken half the fun out of it, just as he did with *The Relapse* when he turned it into *A Trip to Scarborough*.

The main loss is the character of Horner, the man who feigns impotence to secure himself unrestricted access to the private chambers of the ladies, all of them anxious to see the "china" he wishes to display to them. There is no hint of Horner in the Garrick play; nor do we meet Lady Fidget, who can't be happy until she is being seduced. Sparkish remains, colourfully played by Martin Connor in a great auburn wig, giggling his way through the loss of his intended as she is stolen from him, with a sad lack of visible detail, by Harcourt, rather solemnly played by Hugh Fraser.

The plot now centres almost wholly on silly old Pinchwife, here renamed Moody, and his simple country daughter Margery, now Peggy, with her dangerous curiosity about London life. Leonard Maguire plays Moody as a roaring old curmudgeon, his arms flailing about like *semaphores*, *looming over* the social landscape like a two-handed Captain Cook. Veronica Quilligan looks adorable as little Peggy, her enormous eyes opening to twice their size at the thought of the player men in the theatres, but she is not "country" enough, just an inexperienced young lady from what might be a nice county family rather than the offspring of Mr. Maguire's Moody. A most seductive young lady, at any rate, never more so than when she is most insufficiently disguised as a boy—not, of course, to be taken to Horner's rooms, there being no Horner, but only to the Park, where Belville tries with only moderate success to take her away to "the next walk."

Belville, as played by Albert Welling, is a decent young man who looks little older than his Peggy and has to be shown the facts of life by Harcourt. I am glad to say that he wins his Peggy in the end; but the story is a mighty thin one compared with Wycherley's wonderful nonsense.

The production is played on what looks like an easily transportable yet still elegant set designed by Susia Caulcutt. Every time there is a scene change, some eight or nine times, the curtain is lowered and there is a long pause filled with pretty 18th-century music. Would it not be better to leave the curtain up and let the stage crew deal with matters swiftly *coram populo?*

The director is Stuart Kerr.

King's Head

50 Words—Bits of Lenny Bruce

by MICHAEL COVENEY

A car crash victim with his foot off makes a play for the nurse. Well-adjusted guys never look after blowing their noses. Cardinal Spellman, on being visited by Christ and Moses ("a dead-ringer for Charlton Heston") in St. Patrick's Cathedral yells "Are the poor boxes locked?" Catholic priests quit because confessions are so boring. A black man has a wang like a baby's arm with an apple in his fist, according to Tennessee Williams. Beauty, not colour, counts. Would you rather have Tessie O'Shea or Lena Horne, Charles Laughton or Harry Belafonte? Filipinos come quick. "Hey, son, you blew your nose in Playboy Magazine again." Snot is a four-letter word.

This is the unmistakable word of Lenny Bruce. I never saw him live (or, for that matter, dead) but his nightclub material has long been a bedside book. He died in 1966 aged 40, a hounded junkie and the most outrageously individual stand-up comic ever known. This splendid cabaret for three actors on a bare stage celebrates his talent, reminds us that he has, indeed, proved irreplaceable. Bruce was dangerous because he upset people. Not *necessarily* with his obscenity, but with his unerring gift for showing us what we are really like and for attacking, with remorseless precision, the liberal conscience. His act, worrying and as brilliantly improvisatory as a good jazz session, incorporated playlets, dialogues, serious comment ("Satire is tragedy plus time"), pain and word-spinning of a very high order.

All these qualities are present in Danny Brainin's cunning compilation from, I imagine, John Cohen's edition of the material. The one element inevitably missing, apart from the obvious, is that sensation Bruce himself described of shaping a show through the audience's responses. Mr. Brainin, who appears alongside the brilliant Denis Lawson and the superlatively cutting Deborah Norton, has caught the spirit of Bruce through study and rehearsal. But, astonishingly, through sheer force of performance, the exercise proved triumphant. And the distribution of lines is so clever. Men, Bruce avers, will do it with anything: girls, mud, barrels, fists, chickens. Miss Norton turns on her adulterous spouse with "You want dinner? Get your chicken to get it for you!" The vivacity of Bruce's concoctions not only survives, but benefits from, a new dimension of delivery.

There is too little of this sort of entertainment available nowadays and if there is any single argument to persuade you of the value of theatre as a medium in a television-dominated society, this show could be it. No TV station, either then or now, would tolerate Bruce or anything like him. *TW3* and Billy Connolly are about as far as the Corporation spirit will go. This wonderful tribute could have the effects of a cultural time-bomb should it be allowed, as it should be, to tick away in the West End for a while. It is so much better than either the hagiographic *Lenny* of a few years back or the Dustin Hoffman film. If you ever admired anyone who spoke like you would only dare think, this is the show to see.

Purcell Room

Trio Zingara

by MAX LOPPERT

A pleasure to be able to second the praise expressed on this page for the Trio Zingara after the Park Lane Young Musicians series last January. Wednesday's recital, in the Royal Academy's Westmoreland Concerts, revealed a piano trio of great promise—vigorous, corporately responsive, and musically sensitive to a degree unusual in a group so young and so recently formed.

The account of Mendelssohn D minor Trio, Op.49, that filled the second half showed their prowess. It showed, too, that there are refinements of style yet to come; an immaculately poised line, and the art of transferring nuances from player to player without rending the line, were not sustained throughout all four movements. But there was a freshness, an excitement, about the performance, qualities that count for almost as much in Mendelssohn as suavity and poise. The piece was not nibbled at, but plunged into wholeheartedly, in a way that implied and confirmed its stature as one of the most wonderful of Mendelssohns chamber works.

Much the same could be written of the account of the Haydn A major Trio, Hob.XV/18—a bit too bulgily expressive in the Andante, perhaps, but a final Allegro that combined infectious lilt and proud Magyar stamp. Aaron Copland's *Vitebsk*, a small masterpiece of clangorous lament, cogently worked and passionately declaimed, was fierily played, even if the touch of the pianist, Annette Cole, could have done with a little more metal (the writer of the not very lucid programme notes made some particularly foolish remarks about Copland, a composer whose current period of being underrated is surely unlikely to last indefinitely). Also in the first half, the Trio Zingara gave first performance of the Trio No. 2 ("Scena"), Op. 47, by John Hall (b. 1943): a well-meaning but not very convincing attempt to bind Shostakovian angularity and soft-centred English lyricism into discourse.

Palladium

Newley/Prowse

by ANTONY THORNCROFT

There is a strangely blended cocktail keeping the Palladium warm until Yul Brynner packs them in with the King and I. There is an hour or so of Juliet Prowse who throws herself around the stage with all the abandonment of a 43-year-old and then Tony Newley lurches through an impression of Anthony Newley. The two halves never meet—they must have had a peep at each other's shows.

This is Las Vegas come to London with all the play school elements that this involves. I enjoyed Juliet Prowse the more because I disliked Tony Newley so much. She set out to give a lecture on dance and although it was a display of gymnastics, quite devoid of the emotion and romance which should presumably be part of dancing, it was effectively done, especially when she was tossed around by a dozen pretty boys against the backcloth of a mirror. Juliet Prowse could quite justifiably harp on about her age for she is in excellent shape, and although her choice of steps and songs could not be less imaginative she has charm, sweats prettily, and wears a plethora of costumes with some style. She should have cut down on the singing.

So should Tony Newley whose popularity as a performer is as much a mystery to me as the law of relativity, except he can't have that many relatives. There is nothing wrong with unusual voices—they are the mainstay of pop as Mick Jagger and Rod Stewart would agree—but Tony Newley sings in a particularly ugly way, the sounds distorted to give maximum irritation. At first I thought this was an exercise in self parody, for Tony Newley has the wit to debunk his success. He introduced himself as "the thinking man's Tom Jones," and his bravura in holding the stage for well over an hour certainly makes you think.

He quite rightly concentrates on the songs he wrote with Leslie Bricusse which have a theatrical, unreal, quality, heavy with mannered cliches and obsessed with clowns, a form of entertainment so out of fashion as to be almost quaint. I searched for a melody here, a clever turn of phrase there, but with little luck. Tony Newley has a happy confidence in his chat, which is all about "my good friend Mr. Bennett" and "my good friend Mr. Sammy Davis," and manages to convince that he is the pivot of the show business world, which is probably all that the audience at Cesar's Palace wants. After the first hour the audacity of it all waned, and the yawns came. The audience loved it.

Cinema

Done to Death

by NIGEL ANDREWS

The Warriors (X) Plaza
Agatha (A) Prince Charles
The Lady Vanishes (A) Odeon Leicester Square
Kentucky Fried Movie (X) General Release

Scene from "The Warriors"

The cinema, after a decade or two during which it has inspired nothing but diagnoses of terminal illness, is now leaping back to health and to front-page newsworthiness. *The Warriors* is the latest movie headline-seizer; a gang-war adventure set in New York which apparently inflamed its early U.S. audiences to such emulative frenzy that three deaths occurred during screenings of the film. Co-written and directed by Walter Hill (of *The Streetfighter* and *Driver*), it is rather like a high-adventure version of *The Wiz*: a razzle-dazzle paean to the seamy beauties of New York City, with a dash of fantasy and more than a dash of balletic melodrama.

The film's comic-strip exuberance is so totally enfranchised from reality that one wonders quite how it set audiences' adrenalin pumping so lethally in America. The story is like a Boy's Own adventure flipped over to reveal a would-be racier, more *macho* underside, but still preserving the *same* stubborn innocence. Bare-torsoed beneath their leather waistcoats, the "Warriors" are a teenage gang who have to wend their way back to home territory in Coney Island after attending an ill-fated gang rally in the Bronx. The main speaker at the rally has no sooner proposed a historic truce between all the rival gangs massed before him, than he is shot down by a stray bullet from the crowd. Word gets out — wrongly — that the assassin was a Warrior, and the gang are marked men as they zig-zag back to Coney through the perilous streets and subways of night-time New York.

We know from *Driver* that director Walter Hill has a fondness for lean, shadowy settings and for an atmosphere of spring-coiled violence. But *The Warriors* is also the work of a fantasist. No gangs have erupted on the screen since *West Side Story* who move in such vividly, artfully choreographed patterns, or offer such a glamour parade of bursting jeans and rippling biceps.

But though Hill, as an action director, has an undoubtedly thrilling movie eye — the camera-style seems to zig-zag about in a synaesthesic frenzy with the characters' own movements—he has not yet developed a discernible movie mind. What is the dramatic raison d'être of the film? Where is it going? Where has it come from? It's oddly suspenseless. *None of the characters emerge* as individuals, only as hipped-up, hyped-up variations on stock types from the Western or war movie: strong silent leader, whiny coward, amiable moron, etc. Emptied of any meaningful, topical or emotionally engaging content, *The Warriors* is almost the cinema's equivalent of abstract art. Colours and gestures hurl themselves across the screen; a sort of violent grace abounds; and one emerges at the end none the wiser, none the worse, in a vague admiring limbo as if after a firework display.

*

In style at least, if not in content, *The Warriors* offers an occasional lunge into the future. *Agatha* gives us the British cinema tottering towards another milestone on the road to second childhood. Who on earth dreamed up this nonsense abut the novelist Agatha Christie (Vanessa Redgrave), and what she got up to during those mysterious two weeks in 1926 when she disappeared from the public eye? (And from the eyes of her friends and her then husband.) *Agatha* speculates that she sequestered herself in a Harrogate hotel and set about trying, in one and the same devilish plot, to kill herself and to implicate her husband's mistress in the murder. With an electric chair: in a health bath.

Vanessa Redgrave, of the six-foot willowy frame, acts her heart out as Miss Christie, and Dustin Hoffman is her shorter co-star, playing an American journalist prompted to investigate (successfully) Miss Christie's disappearance. Mr. Hoffman looks Miss Redgrave straight in the collar-bone and manages to lend a dignified, bird-like humour to some of the proceedings. Elsewhere, the film's purpose and tension gradually disappear into its vapidly beautiful 1920s production values and into Michael Apted's determinedly "stylish" direction.

*

In *The Lady Vanishes*, another lady vanishes. This time it is Miss Froy, the elderly English governess whose abduction by villainous Nazis was immortalised on film by Alfred Hitchcock in 1938. Hitchcock's plot, you may recall (based on a novel by Ethel Lina White) had Margaret Lockwood and Michael Redgrave thrown together on a train leaving brink-of-war Germany and trying to track down the vanishing governess (was she a British spy?) despite protestations from all the other passengers that they had never seen her.

In the 1979 version Angela Lansbury is the missing Miss Froy, clucking and fussing in sage-green tweeds, and the investigating *inamorati* are played by Elliott Gould and Cybill Shepherd. Miss Shepherd's role has been specially and dreadfully fashioned for her into that of a madcap American heiress, first seen standing on a *gasthof* table imitating Adolf Hitler and thereafter quipping dizzily away like a Zelda Fitzgerald of the European Grand Tour. Elliott Gould acts up gamely as an American writer, and Arthur Lowe and Ian Carmichael assume the shades of Naunton Wayne and Basil Radford as the two cricket-mad Englishmen.

The film is fractionally sprightlier than *Agatha* (the screenplay was by Hollywood veteran George Axelrod, who wrote *The Seven Year Itch* and *The Manchurian Candidate*), but it is still odd and sad to find the British cinema stuck in this nostalgic time-warp, pre-Second World War. One wonders if the trend-setting success of period extravaganzas like *Murder On The Orient Express* and *Death On The Nile*, rather than raising the pulse of the British film industry, hasn't begun to harden its arteries beyond recall.

*

There are no hardened arteries in *Kentucky Fried Movie*, which squawks and flaps out from the screen with much the same inchoate vitality as *National Lampoon's Animal House*, which was made by the same director John Landis. The film is a fistful of movie and TV parodies, the first very funny, the second suffering hardly at all from the fact that its satirical targets are better known on the other side of the Atlantic.

The film cuts a comic swathe through Hong Kong Kung Fu movies, television soap opera, TV chat shows, a pornographic movie trailer, a sex-stimulation LP and other choice culture-commodities of the late 1970s. The Kung Fu satire is hugely inspired, noting and demolishing every tic and trait of the genre with the accuracy of a master Karate artist. The film as a whole is shot in hideous colour (at least in the circuit print I saw) and was clearly put together with paste and scissors in some back-room of American low-budget cinema. But it is a good deal more fun than some of the films mentioned above, which cost considerably more and which wear their budgets on their well-laundered, ostentatious sleeves.

Arts news in brief

Antoinette Sibley, a principal ballerina with the Royal Ballet for nearly 20 years, has announced her retirement. An injury to her leg, sustained many years ago, has proved too much of a handicap.

Miss Sibley joined the Royal Ballet in 1956 and has been hailed as an outstanding example of the English school of ballet. During her career she created 12 roles, including Manon, Titania in the *Dream*, Dore Penny in *Enigma Variations* and Kschessinska in *Anastasia*. In 1973 she was awarded the CBE for her services to ballet.

*

The BBC has created a new record label, Artium, which will find its material from the treasures of the BBC archives. The first two releases are recordings of Sir John Gielgud, introduced by Sir Ralph Richardson, and Sir Thomas Beecham. Among other great names destined for future albums are Kathleen Ferrier, Dame Sybil Thorndike, Bernard Shaw, Agatha Christie and David Munrow. Most recordings will be spoken word but including illustrations of each artist's work.

*

Peter Ebert, General Administrator of Scottish Opera, announcing the company's plans for the 1979-80 season, regretted that the total number of performances would have to be reduced because of the lack of a relatively small sum of money. Nevertheless, Scottish Opera will introduce five new productions into its subscription scheme at The Theatre Royal, Glasgow: *Eugene Onegin*, to be premiered at this year's Edinburgh Festival; *Orfeo ed Euridice*, with Dame Janet Baker as *Orfeo*; *Don Giovanni*, sponsored by the National Westminster Bank in its first operatic foray into Scotland: *The Makropoulos Case*, third in the Janacek cycle mounted in association with Welsh National Opera; and *L'elisir d'amore*. In addition, there will be revivals of *Pelléas et Mélisande*, *The Bartered Bride*, *Rigoletto*, and *Peter Grimes*. Scottish Opera will also make two visits to Sadler's Wells Theatre, London, in autumn 1979 and spring 1980, when the repertory will include Thea Musgrave's opera *Mary Queen of Scots*.

*

The weekly series of lunch time concerts of early music at Grays, the antique market in Mayfair, got off to a happy start yesterday with a recital by the counter tenor Alfred Deller with Robert Spencer playing a 16th century lute. It was an unashamedly popular bill ranging from *Full Fathom Five* through Dowland ayres to a conclusion of some more Shakespeare songs.

The attractions are the length of the performance, around 35 minutes, the intimacy of the room, and the good acoustics.

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Limitations of SALT

FOR THE PAST decade or so, the progress of the strategic arms limitation talks between the United States and the Soviet Union has been generally taken as a barometer—perhaps the barometer—of Soviet-American relations. There has been a widespread assumption that if relations between the super-powers were going badly in other fields, SALT would suffer. Conversely, if SALT ran into difficulties, it was assumed that there would be a deterioration in relations elsewhere.

Superiority

The overwhelming nature of the weapons concerned gave substance to this belief. It was assumed that because both sides had the power to destroy each other several times over, a breakdown in SALT could make nuclear war more likely. The more subtle development of that belief was that without an agreement on mutual restraint in the production of strategic nuclear weapons, sooner or later one side or the other might achieve strategic superiority — defined as the capability to deliver a nuclear first-strike, or even simply to *threaten to do so, in the reasonably* certain knowledge that you would not be annihilated in return.

The first SALT agreement in 1972 was a creditable shot at living up to the general expectations. It was the first time that such an agreement had been reached between the super-powers. Although the ceilings set on the numbers of strategic weapons were high, there were hopes of a more restrictive agreement later. Moreover, the spirit of detente was then in the air: witness, for example, the near-simultaneous progress towards the four power agreement on Berlin, the talk of conventional force reductions in Central Europe and of the possibilities of the European Conference on Security and Co-operation.

Not least, there appeared to be a mutual understanding between the U.S. and the Soviet Union that the SALT agreement went beyond strategic weapons: the agreement on the basic principles of relations between the super-powers committed the two sides "always to exercise restraint in their mutual relations" and "to do everything in their power so that conflicts or situations will not arise which would serve to increase international tensions."

Even then, however, some limitations were clear. The most obvious was the way that technology moves faster than diplomacy. SALT I did not effectively restrict competition in strategic armaments. Whole areas were not covered. There was nothing to prevent the equipping of existing systems with multiple independently-targetable warheads. No account was taken of the increasing accuracy of nuclear weapons, which could itself change the nature of the nuclear threat.

The changes in the U.S. — Watergate, the aftermath of Vietnam, the election of President Carter—served to emphasise the limitations of the agreement on the basic principles of relations. At no stage were the Russians deterred from seeking to extend their influence and at no known stage have the Americans sought to invoke the relevant clauses.

Technology

All those considerations should be borne in mind now that the super-powers have reached accord on all but the *final details of SALT II. Obviously*, it would be foolish to make a judgment before the texts and accompanying statements are available. But there are certain general criteria. Does SALT II, for example, really limit strategic arms competition? Is it credible that the two sides will move on to SALT III fast enough not to be overtaken by new—and permissible—developments in weapons technology? Above all, is it likely that a strategic agreement will lead to a general improvement in Soviet-American relations?

Two points stand out. One should not be misled by the destructive nature of nuclear weapons into believing that we are talking about anything other than the balance of power. Nor should one be misled by trendy terms like "linkage"—whether it is thought to be good or bad. Linkage in one form or another has always existed for the simple reason that it is unwise to make an agreement in one area without thinking about its effects elsewhere. SALT II will have to be judged on whether it is likely to preserve the balance of power overall, and not solely on narrow considerations of nuclear arsenals.

A preseription from Mr. Dell

IN THE VIEW of Mr. Edmund Dell, former Secretary of State for Trade, bad government decisions stem in part from the strength of political pressures on weak ministers. This in turn reflects the prevailing climate of opinion in this country which "requires action from the government as soon as there is a problem." In his lecture to the London School of Economics last night Mr. Dell rightly *criticised the tendency for* governments to take upon themselves for political reasons responsibilities that they would be better without.

Intervention

This is particularly evident in industrial policy. Successive governments have devoted more energy and time to the industrial causes of Britain's malaise than to any other subject. Mr. Dell comments that the relationship of this effort to the country's industrial performance is "obscure indeed." Micro-economic intervention takes place because Ministers are urged to "do something." They may achieve some political kudos by intervening but they are not held personally accountable for the results. If the decision turns out to have been a serious error of judgment, then the usual answer, Mr. Dell suggests, is that "one attempts to buy out the error with ever larger sums of public money."

The impact of a Minister's mistakes on public opinion and hence on his career prospects may be somewhat greater than Mr. Dell allows, but it is true that the responsibility of a Minister for what goes on in his department is not nearly as clear as it should be. It seems to be accepted that a Minister cannot be blamed for actions of which he had no personal knowledge, but why should the blame be passed on to the Permanent Secretary, who may have been equally in the dark? The fact is that Ministers, especially those dealing with industrial policy, are handling very large sums of public money and there is no effective way of calling them to account.

The problem is made worse, Mr. Dell argues, by the doctrine of the collective responsibility. He asks—"who is responsible for what if everyone is responsible for everything?" Clearly Ministers do not agree with all Cabinet decisions, but according to the convention they must pretend to agree, at least in public. The effect is to fudge issues, to find smooth formulae and to conceal what the real issues are.

Mr. Dell would like to see a slight shift towards a more presidential style of government. The Prime Minister would be the ultimate authority on government policy and he or she must lay down the limits of collective tolerance. "Differences of view among Ministers would be accepted as a natural feature of intelligent government, but without ordinarily being taken to imply resignations or rifts. In short, British Government would become more presidential. The quasi-President could be known to have a range of advice from Ministers and Ministers would remain clearly responsible, indeed more clearly responsible, for the work of their own departments."

The level of public expenditure would not be a Cabinet decision, reflecting all the usual compromises with spending Ministers, but would be laid down by the Prime Minister together with the Chancellor. Contrary to popular mythology, Mr. Dell believes that the Treasury is not strong enough. The Chancellor is far outnumbered in Cabinet by Ministers whose success is judged by their ability to persuade colleagues to increase their allocation of public expenditure. The structure of government reinforces the pressure for high public spending and borrowing.

Open debate

More open government would help to undermine collective responsibility. If there was genuine debate on genuine alternatives, the Cabinet could not possibly come to a unanimous conclusion; particular points of view would be associated with particular Ministers and they would look absurd if in the end they disavowed them.

Mr. Dell was sometimes regarded by members of the Labour Party as being too non-political and perhaps his prescriptions will find little support in that quarter. But one part of his message—the need for less government—should strike a chord with Mrs. Thatcher and her colleagues. The question is whether they will hold to their principles when the political pressures for action start to mount.

The Commissions' blueprints for blunting apartheid:

WIEHAHN

Registration of black trade unions, including migrant workers (government insists on exclusion of migrants);
Abolition of the principle of statutory job reservation—five remaining orders to be phased out in consultation with unions;
Retention of the closed shop (government proposes to recognise existing agreements, but suspend the practice in future.)
National Manpower Commission to oversee implementation of new system;
Industrial court to resolve industrial litigation;
Safeguards for minority groups, including veto right on industrial councils;
Eventual amalgamation of industrial councils (for whites) and plant level committees (for blacks) into unitary system.
Indenturing of blacks as apprentices in white areas.
Stricter registration criteria for unions.

RIEKERT

Influx control to stay, but enforced through home and job availability. scrapping of random pass arrests;
Tougher penalties for employers of "illegal" black workers;
72-hour limit on non-urban blacks in urban areas to be scrapped (may be overruled by government);
Curfew on blacks in white areas to be lifted;
Streamlining of recruitment procedures in homelands, but *retention of labour bureaux*;
Acceleration of employment creation in homelands;
Dismantling of department of plural relations for labour, sport, health, etc. To come under respective departments;
Wider opportunities for black traders in white areas;
Possibility of mixed trading areas in white towns;
Active promotion of home-ownership and more varied housing in townships;
More black involvement in government administration boards;
Scrapping of all duplicated legislation and consolidation in two Acts.

South Africa's blacks: new deal or Pandora's box

By QUENTIN PEEL in JOHANNESBURG

THE everyday lives of more than 5m urban blacks in South Africa are controlled by a Kafkaesque bureaucracy of paralysing complexity. The lives of millions more living in the rural areas are touched by the system as they try illegally to infiltrate it, or send away their menfolk to work in it.

The incredible bureaucracy of apartheid, the enforced separation of the races, not only dictates where a man may work or live, but whether he may live with his wife and family, who may visit him and for how long. It enforces a racial curfew on his movements to expel him from "white" areas at night. It insists upon an official permit to move from one part of the country to another, it provides him with a pass-book in which his whole life, and his finger-prints, are laid down according to tribe, place of *birth, permitted residence*, permitted occupation, and which contains a history of his life's employment. Without that pass, he is liable at any time of day or night to summary arrest and imprisonment, until he can prove his presence is legal. Last year, nearly 250,000 people were prosecuted for pass offences.

This week, nearly three years after the outbreak of bloody *riots in Soweto which* led to the deaths of an estimated 700 people throughout the country, the South African Government admitted that something was wrong with the system. A massive report to the Government, compiled by the former economic adviser to the Prime Minister, concluded that a whole range of basic apartheid laws were "discriminatory, archaic, highly irritating, hard to defend," and "damaging in the extreme to South Africa's international image." That report, by Dr. Piet Riekert, coincided with another compiled by the Wiehahn Commission on Labour Legislation, setting out the framework for a major overhaul of South Africa's race-based industrial relations system, including the important concession of proposing the official registration of trade unions for blacks.

Between them, the two reports constitute the first comprehensive statement of the Government's response to Soweto, apart from teargas and bullets. Some of their more radical proposals may well be rejected, but they are clearly in line with the intended government strategy, and their major principles have already been accepted. They seek to tackle the most basic issue in the apartheid system—the *involvement of black labour in* the white economy.

Both commissions, established in tandem in June, 1977, were set up on the same premise: that the existing procedures governing black involvement in the dominant white economy were increasingly inefficient and outdated. Economically, the system is incredibly inefficient, and has caused the absurd situation of unemployment growing simultaneously with a shortage of skilled workers. The last economic development plan forecast an annual growth requirement of more than 78,000 artisans and technically *skilled workers* up to 1981. The Chamber of Mines predicts for artisans alone a shortfall of at least 50,000 by 1982. Dr. Riekert identifies persistent shortages of civil engineers, transport workers and artisans such as boilermakers, fitters and turners; bricklayers and cabinet-makers. The mines are continually short of electricians. With a drastic decline in the immigration of skilled white workers since 1976—and indeed a net outflow which was still accelerating last year—South Africa has finally been forced to look at its own vast reservoir of unskilled black labour.

While economic pressure has undoubtedly been the prime motivating factor behind the commissions, the laws of job reservation and influx control have been *equally responsible* for enormous socio-political pressure points, of the sort which finally exploded in Soweto. Moreover, the same laws are the prime targets of international pressure, both at the level of rhetoric in international forums such as the International Labour Organisation, and in specific involvement by trade unions and *foreign* companies pressing for black job advancement. Both Riekert and Professor Nic Wiehahn have sought to operate on all those fronts to relieve the pressure.

Finally, they have sought to improve the system of control so that it can be both cost-effective—and, while allowing the needed greater flexibility, capable of cracking down harder on abuses of the system. In spite of the immense bureaucracy, the present system has failed to prevent hundreds of thousands of "illegal" black *workers from flocking* to the "white" urban areas. The official population of Soweto is around 700,000, but the true population is probably nearer 1.5m. Dr. Riekert emphasises the failure of the present system to prevent that influx. Professor Wiehahn is rather concerned with the growth of unregistered, and therefore unrestricted, black trade unions. While the unions may not share the benefits of South Africa's *industrial relations system*, and have no statutory role in the determination of black wages, the Wiehahn Commission is even more perturbed that unregistered black unions are not subject to the simultaneous controls imposed on registered unions, including the prohibition on political involvement, scrutiny of accounts and so on.

Thus, however radical the proposals of Riekert and Wiehahn in scrapping glaring examples of discrimination, both are operating rigidly within the existing South African constitutional framework. They are not seeking to scrap the system, but to modernise and streamline it, and make it work better.

The difference between the scope of the two Commissions is that Dr. Riekert is mainly concerned with horizontal—geographical—mobility, and Professor Wiehahn with vertical mobility up the jobs ladder. But in tackling the bottlenecks, removing the most glaring examples of discrimination and *making the system more* efficient, their approach is essentially the same. Both believe that wherever possible the responsibility for discriminatory practices should be devolved from the State to the private sector. Where blatantly discriminatory practices have no purpose or relevance to the overall policy of "separate development"—the division of South Africa *into* black and white states—they should be done away with altogether.

Thus Dr. Riekert proposes to retain the influx control system — the cornerstone of apartheid — but in future to enforce it by penalising employers for hiring "illegal" workers, not by arresting the workers in mass pass raids. Professor Wiehahn calls for the abolition of statutory job reservation but the retention of enough safeguards, such as the closed shop and a white veto in industrial council negotiations, to retain an effective jobs bar indefinitely.

Employers have welcomed both reports with barely a murmur of dissent, in spite of their being "used" to implement the modernised system. Undoubtedly the proposals do seek to tackle the problem of mobility. Thus Dr. Riekert proposes that urban blacks be allowed to change jobs without having to register with the local *labour bureau, and should* be allowed to change homes from one urban area to another without losing residence rights. Professor Wiehan calls for the opening up to blacks of apprenticeships.

But all the signs are that the Government will move extremely cautiously. Mr. S. P. Botha, the Minister of Labour, told a meeting of businessmen in Johannesburg this week that he would rather move slowly and obtain consensus on more issues, that press ahead on a narrow front.

Indeed, the Government has rejected one absolutely fundamental tenet of Professor Wiehahn's proposal to extend the right of freedom of association to all races: it will not allow migrant workers, who comprise *at least* one third of all the black workers in urban areas, to become union members. Apparently the Government believes that such a concession would cut too far across the wider apartheid system by granting a form of political *right* to workers who ultimately will be no more than foreigners within South Africa as citizens of independent homelands (Bantustans).

If the recommendations are accepted, the urban black workers should see some real benefit. Both reports recognise *his de facto* permanence. He would no longer be subjected to the same continual bureaucracy. He would be allowed to move to another area without seeking a permit. He could change jobs without registering at a labour bureau. He would have a say in his wages and conditions, through a trade union. If he is married to a wife from the rural area, she would be allowed to come and live with him. Housing should improve, and there would be more opportunities for black entrepreneurship. The potential migrant worker, however, would face more, not fewer restrictions. His chances of getting to town would be reduced, and if he did, he would remain condemned to life in a *barrack-like hostel*.

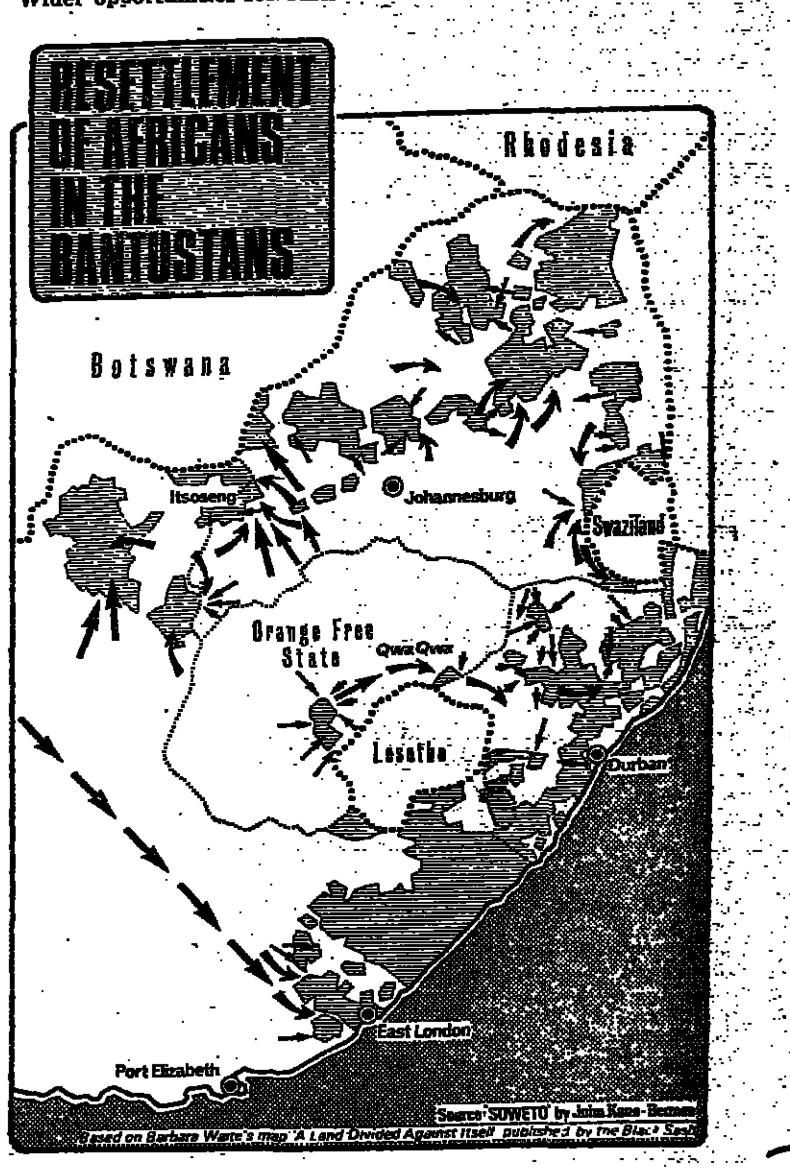
Reaction in the black community has been much more cautious than that of white liberals. Indeed, the Riekert Commission, in spite of its importance for virtually every aspect of urban blacks' lives, failed to make the front page of Post, the major black daily newspaper in Soweto. Trade union reaction to Wiehahn has been suspicious, with the existing unregistered unions questioning what criteria will be used to allow them to register.

In the first place, blacks have criticised the proposals for being permissive, but not positive: they scrap the statutory enforcement of discrimination, but do not outlaw the practice of it. Secondly they are deeply suspicious of the motives behind the reports, and the continuing emphasis on control in both documents.

Perhaps it is significant that in the very week when the government's post - Soweto strategy has been most clearly spelt out, 11 Soweto students should be up for sentencing in court for their part in organising the demonstrations which led to the riots.

Moreover, the assault on a Soweto police station last week following their conviction in *which one policeman died* and two others were injured, was the most dramatic and successful act of urban terrorism in South Africa in recent years. Black youth remains extremely militant, and the school students identify very largely with the new urban guerrillas.

Government policy has changed to the very significant extent of realising that *the urban black community must* be given a role within the system, to head off that militancy. But there remains a fundamental *ideological blockage* to allowing that role to go too far—hence the refusal to allow migrants to join trade unions. In addition, the government is trying to accomplish two essentially incompatible aims: scrapping discrimination *and maintaining, as the* Riekert Commission put it, "existing minority rights and privileges." The danger for government policy in seeking to co-opt the urban black community to its system, effectively to create an urban black middle class, is that it will add to already rising expectations and be unable to fulfil them. Or, as one industrial relations man put it: "I wonder if the people in power really understand the kind of Pandora's Box they are opening."



MEN AND MATTERS

Death of a thousand cuts

If you buy a canteen of cutlery stamped "Silverplated. Sheffield, England," alongside a British manufacturer's name, you may imagine that the gleaming contents are a splendid investment in an age-old national craftsmanship.

You may well be wrong, in spite of the Georgian style and some resoundingly British title bestowed upon it. More and more, such tableware—including tea and coffee sets—is stainless steel, imported from South Korea or Taiwan, then merely silver-plated here. As the law stands, the maker is perfectly within his rights to stamp the goods in this fashion.

"By 1984 the British cutlery industry will have ceased to exist unless something is done. It will be reduced to silver-dipping." This is the forecast of John Price, president of the Federation of British Cutlery Manufacturers, which speaks for 50 companies.

Price had talks with Sir Keith Joseph, when he was the Industry "shadow," about the plight of the British cutlery industry and found him "most sympathetic." He expects to meet Sir Keith in his ministerial office within the next month.

There are now 5,000 people working in the British industry, compared to 30,000 after the last war. According to Price, the last bastion of British cutlery skills is making silver-plated ware from start to finish. But the technique of plating Far Eastern stainless steel is eroding this at an estimated rate of ten per cent a year.

There is also another industry body, the older Cutlery and Silverware Association. President Brian Viner says: "It is up to our 72 members to conduct their business as they think fit." How does the association feel about members who import Korean ware, dip it and then stamp it "Silverplated. Sheffield, England," or maybe "Silverplated *in* Sheffield, England?"

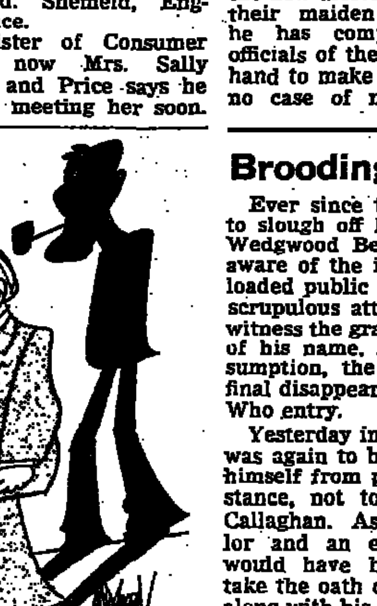
"The law is vague," explains Viner. "Our association has often asked the government to clarify it." Viner can also speak with another hat on, as a director of the most famous cutlers in the land.

Recently, the Code of Advertising Practice committee has vetoed advertisements from a mail order house, the John Harvey Collection, for Viner's silver-plated cutlery and tea and coffee pots. Only the knives were made in Sheffield, the other items came before silvering from the Far East, although the advertisements talked of "a stirring British heritage."

When the name of John Price was mentioned to Brian Viner (wearing his Cutlery and Silverware Association hat), the response was: "He is vociferous and does not represent the views of the industry."

Price retorts that he is not trying to pick a quarrel, but merely wants to rescue the industry. Shortly before the general election, says Price, there were government plans to make an order outlawing the "Silverplated. Sheffield, England" practice.

The Minister of Consumer Affairs is now Mrs. Sally Oppenheim, and Price says he hopes to be meeting her soon. She should be quite interested, being Sheffield-born and having the maiden name of Viner. "Needless to say," says Price, "I shall not embarrass her by taking along any of her family's products."



Facing strangers

Unlike many of his predecessors, George Thomas, the Speaker, will not have the assistance of The Times guide to the House of Commons to help him in identifying the 112 new MPs spawned by the General Election.

The Times guide, first published in 1880, carries a photograph and a brief biography of each MP. It has proved invaluable to earlier speakers in helping them to recognise the new intake. To overcome this handicap Thomas has invited all the new MPs to send him a *copy of their election address*, complete with photograph.

Within a fortnight he expects to be able to link names and photographs, and should any of the new arrivals choose to make their maiden speeches before he has completed the task, officials of the House will be on hand to make sure that there is no case of mistaken identity.

Brooding Benn

Ever since the famous tussle to slough off his title, Anthony Wedgwood Benn has remained aware of the importance of the loaded public gesture. He pays scrupulous attention to detail—witness the gradual abbreviation of his name, his high tea consumption, the evaporation and final disappearance of his Who's Who entry.

Yesterday in the Commons he was again to be seen distancing himself from pomp and circumstance, not to mention James Callaghan. As a Privy Counsellor and an ex-minister, Benn would have had the right to take the oath of allegiance first, along with his senior colleagues. Instead he kulked three rows back for a full hour with a meaningful expression on his face.

House style

Fleet Street colleagues who visit the USSR National Exhibition in London later this month will have the chance to see wonders of Mother Russia ranging from a baby mammoth unearthed in 1977, to models of enormous blast furnaces and power stations. "The Exhibition for Everyone," as it is billed, is not, however, quite that.

"No complimentary tickets will be issued." I am warned *sternly* on a *green* form which appears to be an unscheduled exhibit by Soviet bureaucracy. In capital letters (underlined) I am advised: "Only one press ticket may be applied for on the form. Should you need additional tickets, please write a letter explaining the circum*stances. The organisers reserve* the right to refuse any application for press-tickets without explanation."

Winged banger

Fred Holroyd, the meat machinery trader who caused a rumpus last year when he advertised ham processing equipment with the catchy line "Why sell *meat when you can sell water?*" and busily promoted a recipe for sausages made mainly from skin, fat, and vegetable proteins, is back in the eyebrow-raising business again.

The flamboyant 48-year-old engineer, who specialises in doing-up and reselling second-hand butchers' machinery, has undertaken a major modification to his sparkling new Rolls Royce Silver Shadow.

The winged figure—the Spirit of Ecstacy—which graced the radiator has been removed and replaced with a shiny winged sausage, a replica of the commodity which has contributed so much to his fortune—now estimated at more than £1m.

Observer

WHAT SALT II COULD MEAN FOR THE WEST AND RUSSIA

BY REGINALD DALE

A super-power treaty under the microscope

THE NEW STRATEGIC Arms Limitation Treaty (Salt II) announced this week is the culmination of six and a half years of tortuous negotiations between Washington and Moscow. Three American Presidents—Nixon, Ford and Carter—have laid down the guidelines for the U.S. negotiating position. Their opposite number in Moscow, Leonid Brezhnev, has remained the same throughout.

President Brezhnev's obviously deteriorating health has now added to the urgency with which both sides see the need to sign the long-delayed Treaty, which they originally hoped to conclude in 1974. The Americans want to complete the process while Mr. Brezhnev is still in power, rather than risk leaving key issues to be decided with his, as yet unknown, successors. Mr. Brezhnev wants the Treaty to crown his long career at the top. The Soviet leader's ill-health has had two other consequences for the actual signing ceremony. First, it will take place in Western Europe. Protocol would normally require Mr. Brezhnev to travel to the U.S.—to repay President Ford's 1974 visit to the Soviet Union—and the Americans at first insisted on this, but they now recognise that he is too ill to do so safely. Secondly, the U.S. has now accepted that the summit, the first ever between the two men, will be a largely ceremonial affair that does not require last minute negotiations of the final treaty details by the two leaders.

But there are other reasons why both sides have long wanted to bring the talks to an end. President Carter wants another major foreign policy success in the wake of the Middle East Peace Treaty and his China recognition coup. He also wants to get on with the difficult process of securing the Treaty's ratification by the Senate before he becomes too involved *in the 1980 Presidential* election campaign. The Russians are anxious to demonstrate to the world that they now stand on an equal footing with the U.S. as a super-power—a point that they see the SALT II Treaty as confirming.

So far, the SALT process has been a purely super-power affair. Washington has kept its NATO allies closely in touch with developments, and contacts have been even more intensive when SALT decisions might be thought to impinge on West European interests. Apart from anything else, the U.S. Administration does not want the Europeans to oppose the final outcome, thus making its task in the Senate even more difficult. But final decisions on the U.S. position have always been taken in Washington and there have never been more than two delegations at the negotiating table. The strategic "S" of the SALT acronym means what it says. The only weapons covered in the main body of the Treaty are those based on the land mass or the ocean-going submarines of the super-powers which are capable of striking the other's territory. Where there has been doubt or dispute over the "strategic" nature of weapons systems, such as the shorter-range American Cruise missile or the Soviet Backfire bomber, separate ways have been found of dealing with them.

Successor

SALT II is the successor to SALT I, signed by Presidents Nixon and Brezhnev at their Moscow summit in May, 1972, together with a Treaty limiting the deployment of anti-ballistic missile (ABM) systems. The fear was that a proliferation of expensive ABM systems would lead to a further escalation of the arms race by encouraging both sides to step up production of offensive weapons so as to saturate the defences. The absence of any real defence *against attack by inter-continental* ballistic missiles (ICBMs) is also thought to have a deterrent effect — it ensures that any strategic nuclear exchange would lead to massive, and presumably unacceptable destruction on both sides.

The avoidance of all-out nuclear war between the super-powers is, of course, the ultimate aim of SALT. President Carter's Administration will argue that the latest treaty helps to do so by securing a balance of forces at strategic level which ensures that neither side would gain an advantage by firing first.

SALT I, always considered an interim agreement, expired in October, 1977, but both sides agreed to continue to respect its provisions until SALT II came into effect. SALT II will expire on December 31, 1985. Meanwhile, the next step, to which SALT II looks ahead, will be SALT III, possibly followed by SALTs IV, V, VI, and so on, in which the U.S., at any rate, wants to make a much greater dent in the massive nuclear arsenals deployed on both sides. No one would claim that SALTs I and II have halted the arms race. At best, defenders of the SALT process so far would claim that it has set limits to the escalation that might otherwise have occurred and given each side some guidance about how to plan for the future. Without SALT II, according to Mr. Harold Brown, the U.S. Defence Secretary, the U.S. might have to spend as much as $30bn more over the next decade to maintain the strategic balance. This would obviously represent funds lost to other policy priorities.

Some of its opponents would argue that SALT actually encourages the arms race by channelling efforts into new fields. An agreement to limit the number of strategic "launchers," they argue, simply encourages the development of new technology to make them *more accurate and destructive.* American critics point to the rapid increase in the sophistication of Soviet rocketry during the period of the SALT I agreement, when the Russians vastly increased their firepower by mirving their missiles (equipping them with Multiple Independent Re-entry Vehicles—MIRVs—which can each be separately targetted). Some people in the Pentagon fear that Moscow has a new trick up its sleeve that will only be revealed once SALT II is safely signed. Behind it all, lies an increasing American fear that the U.S. can no longer rely on its superior technology as a counterweight to the traditionally much greater size of Soviet ICBMs.

The fear is reflected in American insistence that SALT II must place identical limits, in terms of numbers of launchers, on each side, a point accepted by the Russians at the 1974 Vladivostok summit. SALT I allowed the Russians more launchers to compensate for American superiority in accuracy and number of warheads. An amendment attached to the SALT I Treaty by Senator Henry Jackson helped to ensure that this numerical discrepancy would not be repeated in future agreements. Parity, in fact, is politically useful to both sides—it aids the U.S. Administration in its contention that "essential equivalence" has been maintained, and it bolsters Soviet claims to have drawn level as a superpower.

The numbers originally agreed at Vladivostok by President Ford, amounting to an overall total of 2,400 long-range bombers and missiles each, have since been somewhat reduced largely at U.S. insistence. President Carter has not achieved the much deeper cuts proposed by Mr. Cyrus Vance, the U.S. Secretary of State when he went to Moscow in March, 1977. But the final SALT II total of 2,250 will oblige the Soviet Union to *dismantle some 250 to 300 systems* by the end of 1981, without any need for reduction in U.S. launchers. A series of sublimits will set maximum levels for various types of weapons such as "mirved" ICBMs, submarine launched missiles and bombers, and each side will be allowed to develop only one "new type" of missile. On the American side this will probably be the MX, a mobile land-based ICBM that is moved around different launching sites to make it more difficult to seek out and destroy.

A German view of the Salt talks (Cartoon: Horst Haitzinger/tz München)

The definition of what exactly constitutes a "new type" has been one of the most difficult issues in the negotiations' closing stages. The American concern has been that the Soviet Union will argue that future systems are not "new" but simply development of earlier generation weapons. The problem is complicated by the Soviet tendency to modernise existing rockets, whereas the U.S. often starts new projects from scratch. Under the Treaty, limits will be *set to Soviet modernisation,* but opponents are likely to argue that these are not enough to prevent a continuing and unacceptable upgrading of the Soviet nuclear arsenal.

This is just one of the technical arguments that are likely to be heard as President Carter's team battles to secure Senate ratification. Another major issue will be arrangements for the Treaty's verification, given the deep-seated suspicions of some Senators that the Russians will cheat. The Administration has pledged that the Treaty's provisions will be "adequately verifiable," but the issue has become even more controversial following the loss of American monitoring stations near the Soviet border in Iran.

The Administration can also expect trouble over the Soviet Backfire bomber, which does not figure in the body of the Treaty, but will be the subject of an exchange of statements. The Russians have agreed to limit the bombers' production rate and its strike capability, *but they have not accepted the* view held strongly by some Americans that it is potentially a strategic weapon capable of reaching the U.S., and should therefore be included in the Treaty.

Similarly, the Americans have kept ground- and sea-launched Cruise missiles out of the main Treaty, and accepted range and deployment limits in a separate protocol that runs out at the end of 1981. The protocol also puts limits on mobile missiles. The Administration argues that the protocol makes no practical difference, in that neither Cruise missiles nor the MX will be ready for deployment until after it expires. But there is still concern in Washington, both over the fact that "non-strategic" Cruise missiles have been allowed into the bargaining process and over the danger that pressure to extend the protocol may prove insurmountable.

The protocol is also one of the two main SALT areas of direct concern to West Europeans, who do not want to lose the option of deploying ground- and sea-launched Cruises in future. The second, related source of anxiety has been the American undertaking not to "circumvent" the Treaty via other parties—in response to Russian fears that the U.S. would cheat by building up the forces of its allies. Concern persists in some circles, notably the opposition CDU party in West Germany, that this will inhibit the U.S. from transferring Cruise missile technology to the Europeans, but the main West European governments have expressed their satisfaction that this will not be the case and have generally endorsed the SALT II provisions.

The main task facing the Europeans in the months ahead will be to decide whether, and if so how, they want to participate in SALT III. The Americans want to use SALT III to move from arms control to genuine disarmament at strategic level. The Russians will renew long-standing demands that nuclear forces based in Western Europe, including the British and French deterrents, should also be covered. France has already firmly declined to participate, while other governments, including the British, are still assessing whether there is a worthwhile bargain to be struck.

Beyond the more technical aspects of the debate in Washington, wider strategic issues will inevitably be raised. It will be pointed out that the treaty does nothing to prevent the American land-based Minuteman force from becoming increasingly vulnerable to a first strike in the early 1980s, before the MX is in operation. *Critics can claim that this* confirms their view that the treaty "freezes the U.S. into a position of strategic inferiority." Supporters will reply that the gap in the early 1980s has nothing to do with SALT itself, but is the product of long years in which the American defence effort has lagged behind that of the Soviet Union.

Some of these reservations can probably be overcome by means of amendments laying down the Senate's interpretation of the Treaty or giving the Administration instructions for SALT III. Other votes will almost certainly have to be bought by promises from the Administration to step up defence efforts. Everyone in Washington acknowledges that SALT II does not obviate the need for a major drive to keep up *with the Russians. Equally* important in the debate, however, will be the wider political assessment that emerges of the value of the whole SALT process. Does it indeed promote detente, safeguard American security and make all-out nuclear war less likely? According to the opinion polls, the majority of the American people appears to think so. What President Carter has to do is to persuade 67 out of 100 Senators to agree.

Letters to the Editor

Re-funding operation

rom Mr. D. Liss

Sir,—Your statement (Leader, ay 5) that "there is no scope all for a cut in the overall urden of taxation" is open to rgument.

In all the discussion of what e new Chancellor could or ould do, one area of speculation which does not seem to ave been touched concerns the esirability of a re-funding peration on the Government's wn debt. As the interest on uoted stocks now absorbs round £5.8bn annually — dmittedly, some of this comes ack to the Exchequer by way f income tax — such an peration is surely worth onsideration?

For a beginning, I can see o good reason why the Chancellor cannot instruct the reasury to ask the Bank of ngland to issue a new governent stock, to be offered in xchange for certain high oupon issues, the principal to e indexed to the price of gold la Pinay, backed by part of ur gold reserves. £1bn of this ith a coupon of say 3 per cent, xchanged for holdings carryg an average of 13 per cent, ould effectively reduce the ublic sector borrowing requireent by £100m annually for an verage of perhaps 15 years.

Similarly, there might be an ssue of a stock indexed to the rice of oil and backed by the roceeds of petroleum revenue x, with a life of perhaps 10 ears. In due course, there ight be a third stock indexed a new retail price index hich included income tax.

avid Liss.

S, Airedale Avenue, hiswick, W4.

Small business incentives

rom Mr. I. Mace

Sir,—High taxation has prouced the present situation in hich a small businessman can nd that extra investment using orrowed money, even if *roducing a 50 per cent return* n capital, can often result in reduction in his family's andard of living for a number f years.

The reason for this is that e capital repaid to the bank r other lender has to be found om after-tax income. To repay 1,000 per annum requires rofits of £4,000 at a 75 per ent tax rate unless capital llowances are available and, utside manufacturing and the otel industry, these are often ot available.

Incentive to invest could be estored at a stroke by treating uch capital payments as if they ere interest eligible for relief. ould this not encourage nterprise and reduce nemployment?

n T. J. Mace.

Bowland Crescent, unstable, Beds.

The family solicitor

rom Mr. M. Marshall

Sir,—Eamonn Fingleton (May) does the family solicitor an justice when he says the penny as not dropped for *those of us* ho act as midwives to the mily business. Anyway he has is metaphors mixed!

The family solicitor has asped the reality of the tax advantage for the small businessman starting up on his own. The problem I find is with the accountant who is preoccupied by the difficulty of getting his audit done and assessments agreed with the local Inspector.

Michael J. H. Marshall.

105, High Street, Sevenoaks, Kent.

Allowing for inflation

From Mr. A. Joyce

Sir,—I see in Eamonn Fingleton's article (May 5) on "What savers can hope for from tax cuts . . ." that he repeats the Inland Revenue comment that indexing the tax to make it apply only to real gains would add "horrendously" to its already heavy work load. I believe this difficulty is purely imaginary. The following is a simple way of making the necessary allowance for *inflation.*

A list is prepared by Inland Revenue giving indices for inflation of the currency at quarterly intervals starting with April 6, 1965, as 1.00, and ending with the index for the last quarter of the most recent tax year. Each year the list would be updated by adding the next four quarterly figures. The indices, starting at 1.00 in 1965, would rise to about 3.00 by now. A copy of the list, which for many years to come would fit easily on one A8 sheet, would be sent out each year with each tax return form. The individual being taxed would do his own calculations as follows: Take the ratio of the index at the selling date quarter to that at buying date (the latter being 1.00 if before April 6, 1965). Multiply the purchase price by *this ratio,* and subtract the resulting figure from the selling price. This is the real capital gain.

To help the tax inspector make occasional checks at random, the tax return form would provide space for entering the purchase price and date, selling price and date, the multiplied purchase price, and the calculated real gain. Thus the tax inspector would have very little extra work.

Example: Shares purchased July 10, 1969, for £1,000, sold February 4, 1979, for £3,000. From the list, suppose index 10.7.69 is 1.15, and index 4.2.79 is 3.22. Real capital gain is 3,000—(1,000 x 3.22÷1.15) = 3,000—2,800=£200.

What could be simpler, or have I missed something?

A. J. Joyce.

22, Meadowcourt Road, Oadby, Leicester.

Dividend vouchers

From Mr. A. McAllister

Sir,—Mr. David Senior (April 30) and readers might like to know that I wrote to the chairman of the Institute of Directors early in April at some length on the subject of dividend vouchers, and that I have received his reply on returning from abroad informing me that he is most interested in the standardising of income tax vouchers and share certificates. He states that they have friendly relations with the Institute of Chartered Secretaries which would be intimately concerned with this matter and they will be very happy to discuss my suggestions with them. I feel very certain that beneficial action will eventually result.

Perhaps Mr. Senior might like to put his oar in regarding company reports. Their case is less urgent or necessary than that of vouchers and certificates but their infinite variety of size, shape, and content suggests that a little application of standardisation might be beneficial. Why, for instance, should those of ICI and Turner and Newall be of horizontal form when the majority are of vertical?

I must say, however, that in general the presentation and content of company reports is excellent, having improved considerably over recent years.

Arthur McAllister.

"Atlantis," 67, Hepburn Gardens, St. Andrews, Fife.

The cause of the consumer

From Mr. J. Rodges.

Sir, — Your correspondent writing on behalf of the Consumers' Association (May 3, 1979) gives the sort of view that we would expect from this quarter regarding the insurance industry's reaction to the Law Commission's proposals for amendment of insurance law.

Provocative statements about the insurance industry's gall, or lack of it, in not seeking to operate "the strict legal rules" indicates failure to understand, or even a desire to appreciate the reasons why, the law relating to disclosure in proposals for insurance stands as it does today; or could it have occurred to your correspondent that insurers in practice rarely apply the "strict legal rules" since, happily, the necessity rarely arises and, *in any case,* they are very well aware of the responsibility resting upon them and so seek to ensure that their rights are only exercised in unquestionable circumstances?

It appears to me that the Consumers' Association is dealing with this subject in much the same way as it approached the matter of proposed changes in the law relating to products; by complaining in crusading *rhetoric of the woeful shortcomings* of the status quo without ever producing any concrete evidence of genuine hardships or suffering sustained as a direct result of the inequities of the existing system. Such evidence would carry considerable weight with all parties concerned including, I feel sure, the insurance industry and its being made public could *be a suggestion which commends* itself to your correspondent whose title indicates an interest in, and knowledge of, the process of the development of the law in the UK. But then he is employed by an organisation whose unwritten motto seems to be "Change at all costs whatever the consequences" and such facts as are available just might not support this particular opportunity to "advance" the cause of the consumer.

J. B. Hodges.

19 The Landway, Kemsing, Nr. Sevenoaks, Kent.

Index-linked pensions

From Mr. D. Townsend

Sir,—In his letter of April 24, Mr. Logdon described the index-linking of public service pensions financed by taxpayers, as "beyond scandal."

Commenting on this terminology, Mr. Brookes (May 4) makes the valid point that, but for the protection afforded by index-linking, the purchasing power of public sector pensions would be steadily eroded by inflation and effectively transferred to the working population. He concedes that many, but not all, non-state pensioners are having their pensions progressively confiscated via this mechanism—but that this is no argument for penalising all pensioners similarly.

He is rightly indignant that allegations of greed have been levelled against state-sector pensioners. Such people cannot possibly be described as greedy—any more than the recipient of a legacy or a football pools winner can. They are, however, compared with their counterparts outside the state sector, very fortunate and highly privileged; therein lies the scandal.

Thanks to inflation, occupational pensions, fixed annuities and most forms of savings, are, as a general rule, all subject to taxation by confiscation of purchasing power. That taxpayers' money should be used selectively to protect only public service pensions from this immoral and insidious form of extortion, must surely be a matter of general concern. No rational or ethical case can be made to justify the continuance of such overt discrimination, the existence of which is a stark symbol of governmental hypocrisy.

Displays of Ministerial concern and activity are invariably manifested in connection with disputes arising from comparatively minor wage differential grievances where "industrial muscle" is involved. The massive and ever-widening gulf between public and private sector pensioners is, by contrast, veiled in a bi-partisan conspiracy of silence, precluding even meaningful public discussions of this truly scandalous misuse of public funds.

D. A. Townsend.

11, Janmead, Hutton, Brentwood, Essex.

Somebody has to pay

From Mr. R. Higinbotham.

Sir,—The news (May 5) that the Government Actuary has re-priced the index-linked civil service pension prompts me to raise a point which has troubled me for some time. The individual pension rights rise at the *same rate as the cost-of-living* index. That index is rising faster than the growth of gross national product. It seems therefore that the total cost of the pensions treated as a whole must constitute a steadily rising proportion of GNP and indeed that within a measurable period it must come to exceed the whole of GNP!

The effect is intensified by the increasing number of civil servants coming through to pensions age and the higher salary rates at which these advancing cohorts replace their expired colleagues as beneficiaries. I hope we are not approaching the nightmare situation when all consumption whatsoever in the UK will be by retired civil servants. What is to happen to our toffee-apple industry under these bizarre circumstances?

R. N. Higinbotham,

55 Cleaver Square, SE11.

Today's Events

GENERAL

UK: Mr. Len Murray, TUC general secretary, speaks at Civil Service Union conference, Blackpool.

National Association of Local Government Officers special meeting on pay claim, Central Hall, Westminster.

Society of Civil and Public Servants conference, Conference Centre, Brighton.

Inquiry opens in Glasgow into April 16 Paisley train crash (seven dead).

Sir Derek Ezra, NCB chairman, speaks at "Scotland in Europe" dinner, Edinburgh.

Sir John Methven, CBI director general; Mr. Clive Jenkins, ASTMS general secretary; and Mr. Jim Mortimer, ACAS chairman, speak at conference on industrial relations law and its likely changes, London Hilton.

National amateur radio two-day exhibition opens, Alexandra Palace.

Herr Helmut Schmidt, West German Chancellor, receives honorary degree at Oxford.

Overseas: European Parliament closing session, Luxembourg.

King Juan Carlos of Spain leaves for week's tour of Ivory Coast, Guinea and Senegal.

OFFICIAL STATISTICS

Department of Employment publishes the retail prices index for April. Building Societies' receipts and loans for April.

COMPANY RESULTS

Final dividends: John Foster and Son. Marlborough Property Holdings. Weeks Associates. **Interim dividends:** Serck. Vaux Breweries. **Interim figures:** Stag Line.

COMPANY MEETINGS

Ault and Wiborg, 71 Standen Road, SW, 12. John Finian, Adelphi Hotel, Liverpool, 12. John I. Jacobs, Winchester House, EC, 12. Nu-Swift, Viking Hotel, York, 12. Sharna Ware, Midland Hotel, Peter Street, Manchester, 12.30. Thomas Tilling, 21 Tothill Street, SW, 12. United Biscuits, Assembly Rooms, St. George Street, Edinburgh, 12. *Williams and James,* Tara Hotel, Upton Street, Leonards, Gloucester, 12.

LUNCHTIME MUSIC, London

Organ recital by Simon Lole, St. Paul's Cathedral, 12.30.

The Wharfedale wind sextet, Holy Sepulchre, Holborn, 1.15.

Piano recital by Carol Cooper, St. Martin-within-Ludgate, 1.15.

UK COMPANY NEWS

Big underwriting loss hits Royal in first quarter

THE SEVERE weather of the winter resulted in Royal Insurance recording an underwriting loss of £19.9m in the first quarter of this year, compared with a loss of only £1.1m in the corresponding period last year.

Pre-tax profits in the period were cut by more than a half, from £28.6m in 1978 to £12.8m, despite a rise in investment income from £27.8m to £30.7m.

Profits after tax and minority interests fell by a similar proportion from £17.3m to £9.3m, the earnings per share being 9.3p compared with 17.3p in the corresponding period last year.

For the whole of 1978, the group recorded an underwriting profit of £25.4m, a record pre-tax profit of £1[illegible]m and net earnings of £88.2m.

Royal does not provide a breakdown of underwriting results by territory at the first quarter stage. But it paid out worldwide £10m more in weather claims than it did in the first quarter of 1978. And that quarter was hit by adverse weather.

The group has also experienced during the first quarter of this year an unusually large number of big fire losses, both in the U.S. and the UK, whereas in the corresponding period in 1978 the number was low.

Total weather claims paid out in the UK amounted to £11m compared with £7m paid in the first quarter of 1978. Both personal and commercial property were hit by the severe weather, the main problem being burst pipes. In addition to the unusually large number of fires—a feature of the whole insurance industry according to the British Insurance Association—the motor account in the UK had a higher number of claims than normal because of bad road conditions and a loss was recorded.

Both the U.S. and Canada were hit by severe winter weather with claims more than £5m higher. The operating ratio in the first quarter in the US was 104.8 per cent against 97.5 per cent for 1978 first quarter, and 96.8 per cent for the whole of last year.

As well as the higher number of big fire losses, the number of motor claims rose because of bad road conditions and the company was involved in the nuclear disaster at Harrietsburg.

Mr. Daniel Meinertzhagen, chairman, emphasises that there was no evidence that the losses suffered this year were indicative of any change in the trend. There was no reason to suppose that the steady improvement in thequality of the portfolio had suddenly deteriorated in quality. He warned that the result of the first quarter was not a reliable guide to the likely outcome of the year as a whole and confidence in the future remained unimpaired.

The group recorded a successful quarter for new life and pensions business with new annual premiums up 21 per cent to £5.8m and single premiums 70 per cent higher at £6.3m.

See Lex

Sandhurst sees more growth

Sandhurst Marketing turned in a £192,850 profit after tax and credit of £2,666 in the seven months to January 31, 1979. In the year to June 30, 1978, the surplus came out at £226,170 after £60,779 tax and credit.

At the interim stage, the directors said the seven-month profit would exceed substantially the £103,000 achieved in the six months to end-December 1977.

On trading prospects, the directors say all UK companies in the group show every indication that, given a fair trading climate, they will continue to grow.

Turnover for the seven months stood at £2.8m (£3.76m). Earnings per 10p share are shown at 5.43p (6.2p).

The dividend for the period is a maximum permitted 0.6808p—last time the total payment was equivalent to 1.06093p. The directors say that, because of the change in year-end, no interim was paid. They add that current legislation prevents payment of a greater amount.

The accounting method for tax has been changed, and comparisons restated.

The group supplies stationery and allied products, and makes chemical products.

● comment

Sandhurst Marketing's shares have enjoyed a god run so far this year so it is not surprising that they settled 3p lower yesterday at 51p given the market trend. The seven month profits are only a third below the last full year and bearing in mind that the period included three dud months—two traditionally quiet at the beginning of the period and January hit by outside labour disputes—the figures are clearly pointing to £400,000 for a full year. Sandhurst should be aiming for at least that in the current twelve months. On that basis the shares stand on a p/e of about 4½ on the nil tax charge, though the yield of 4 per cent (doubling up the declared dividend) is an obvious brake on the price, but if dividend control lapses it could be a different picture. All divisions appear to have done well and the most exciting recent development is the acquisition of PBS, an office equipment supplier in Jersey. The potential there is interesting especially if Sandhurst can develop PBS's equipment agencies on the mainland. Short term the shares are unlikely to gain much relative ground though they could be interesting for longer holders.

Associated Paper first half

PROFITS BEFORE tax of Associated Paper Industries at £872,828 for the half year ended March 31, 1979, are similar to last year's £876,291 even though the results were severely affected by the road haulage dispute.

The profits exclude the results of the George M. Whiley group acquired in March last year. Turnover for the group in the first half amounted to £22.07m against £16.3m.

The interim dividend is maintained at 1.21p—last year's total was 3.47752p from pre-tax profits of £1.97m.

	Six months 1979 £	1978 £
Turnover	22,066,041	16,293,625
Interim payable	149,297	108,496
Interest payable	149,297	108,496
Profit before tax	872,828	876,291
Estimated tax	125,500	126,000
Net profit after tax	747,328	750,291
Pref. dividend	10,568	10,568
Ord. dividend	172,031	117,816
Increase in reserves	564,729	621,907

Davenports Brewery down at six months

Profits before tax of Davenports Brewery (Holdings) dropped by £150,000 to £507,000 for the half year to March 31, 1979. In the previous full year, a record £1.55m was achieved.

After tax of £264,000 against £342,000, mid-year net profits fell from £315,000 to £243,000. The net interim dividend is kept as 0.88p per 25p share, costing £71,412 (same)—last year's final was 2.21p.

HIGHLIGHTS

Lex looks at the slide in London's financial markets since the Conservative election victory, a trend continuing yesterday under the influence of some poor figures for central Government borrowing. Elsewhere, Royal Insurance shocked analysts with big first-quarter underwriting losses and there was also slight disappointment with interim results of Lloyds and Scottish, the HP finance house. High interest rates have affected sharp growth in lending. Lex also takes a look at the annual report of P & O the troubled shipping giant. Barrow Hepburn has carried out a rigorous review of its operations and cut itself down to a small steady group of businesses. On the retailing scene Cartiers has missed its prospectus forecast, due to January's problems. But Milletts provides happier reading—it benefited from the bad weather.

Newman turns in peak £6.2m profit

AGAINST the forecast last October of some £5m pre-tax profits for 1978, Newman Industries has turned in a record £6.22m for the year compared with £4.01m previously.

And as expected the final dividend is 4.5p per share, lifting the total from 5p to 6p per 25p share on capital, increased by the rights issue. A one-for-four scrip issue is also proposed.

Earnings per share are shown at 20.7p compared with 26.2p previously.

Following the option to acquire the balance of shares not already owned in Avdel International NV, group trading profit includes the profit attributable to the Avdel division for the 12 months ended December 31, 1978.

The pre-acquisition element of the Avdel profits has been calculated at 68.75 per cent of such profits to the date of completion and the corresponding value deducted before arriving at the net available profit for the year.

Newman has also reduced its investment in West African Engineering Co. (Nigeria) from 60 per cent to 40 per cent by the sale of the requisite proportion of its holding to Nigerian citizens.

The results of Waeco for 1978 have therefore ben excluded (£521,000). Present indications are that the results for Waeco for 1978 would not be significant to Newman.

	Year 1978 £000	1977 £000
Turnover	70,800	45,130
Trading profit	10,566	6,145
Interest	2,239	1,279
Depreciation	2,034	854
Except. debit	73	—
Profit before tax	6,220	4,012
Tax	1,027	676
Net profit	4,593	3,336
Extraordinary items	245	304
Exchange diff.	279	77
Invest. adjustments:		
Avdel International NV	1,446	—
W. African Eng.	394	—
Minorities	4	142
Available	2,715	2,798
Dividends	1,201	715
Applicable Avdel acq.	333	—

The Newman board is of the opinion that the value of Newman's interest at December 31, 1978, is £771,000 and as a consequence there is an adjustment o f£394,000 which will be reflected in the group balance sheet.

The directors say the group continued to increase international trade with overseas sales of some £35m (£25.57m).

The last quarter of 1978 and the first two months of this year presented several trading problems in the UK and certain export markets. That trend has now generally been reversed and, resembling 1974, the order position is currently encouraging.

The consolidated balance sheet has been strengthened both in terms of assets and working capital. A revaluation of UK property has resulted in a surplus credited to reserves of £3.12m.

● comment

Newman Industries believes that it has taken a highly conservative line through the Avdel acquisition. Certainly, the investment adjustment to allow for 68.75 per cent. pre-acquisition profit accounts for much of the apparent earnings shortfall. But the exclusion of any contribution from WEACO, worth £521,000 pre-tax in 1977, not only explains the sluggish performance above the line if a £2.3m profit from Avdel is taken out, but also reduces earnings by £394,000 to reflect a write down in the value of Newman's interest in Nigeria. The accounts, expected to show a substantially stronger balance sheet, will tell a fuller story but, in the meantime, the group is confident that the gloomy trend last winter has been reversed. The yield at 96p, up 2p yesterday, is 9.8 per cent and the p/e on stated earnings is 4.4.

Berkeley Hambro advances

Despite a fall in group revenue in 1978 Berkeley Hambro Property Company lifted taxable profits from 1.07m to £2.33m.

Group revenue stood at £6.91m, compared with £7.93m, but property outgoings, management expenses and interest payable were well down from £7.02m to £4.63m.

At midway pre-tax profits advanced from £362,000 to £1.03m.

Tax takes £761,000 (£419,000) and stated earnings per 25p share are up from 4.9p to 9.1p. The final dividend of 1.9p per 25p share raises the total from 3.22p net to 3.65p.

	1978 £000	1977 £000
Group revenue	6,907	7,932
Property outgoings, management expenses and interest	4,632	7,024
Interest attrib. to investment props.	—	215
Share of assoc. profits	50	*50
Profit before taxation	2,325	1,073
Taxation	761	419
Profit after taxation	1,564	654
Minorities	21	*186
Revenue profit	1,543	840
Dividends	634	562
To revenue reserve	909	278

*Loss

Usher Walker downturn

FOLLOWING the £40,000 reduction to £224,000 at midway, pre-tax profits of Usher-Walker fell from £496,125 to £314,459 in 1978. Turnover amounted to £5.54m against £5.4m.

Directors of the group, makers of printing inks and rollers, say the downturn results mainly from the effects of a strike during October and November at the Marshgate factory.

Tax for the year is £122,731 against £265,843 giving earnings per share of 4.15p compared with 10.66p.

The final dividend is 2.3319p making a total of 3.6146p against 3.2686p previously.

Marshall's Universal calls for £1.9m expansion aid

Marshall's Universal is making a £1.9m net rights issue to aid expansion and reduce borrowings. At the same time the motor vehicles, accessories and paper products group announces an advance in taxable profits from £3.54m to £4.02m in 1978. Sales were well ahead from £46.9m to £58.5m.

The company is proposing to issue 1,986,114 £1 7½ per cent convertible cumulative redeemable preference shares at par, on the basis of one-for-three 25p ordinary shares. They will be convertible between 1982 and 1986 inclusive.

Last year the group made several acquisitions and the directors say they are considering others. They add that the company has made substantial capital investment.

The Board says that at present the financial resources are available in the company despite the import deposits introduced in Kenya at the end of last year. The facilities needed to meet these deposits at the expected peak next month will be £3m. The Kenyan Government has said that the deposits are only a temporary measure.

The directors add that they have for some time been considering raising additional capital to reduce the £7.9m borrowings—at April 27, 1979. The strengthening of the capital structure will, they say, pave the way for expansion. Of the borrowings £4.29m is in acceptance credits and short-term loans.

On the current year, the Board says it expects the UK operations to show a significant trading improvement by the autumn. This should continue during 1980.

Trading in Kenya is returning to last year's level after the restraints of the import deposits there in the first part of the year. The group views the future with confidence.

The final dividend of 3.0411p lifts the total from an adjusted 5.32p per 25p share to 5.95p.

In 1978 all sectors in the UK and Africa, except the paper and board distribution, contributed to the improved results. The group moved to larger stores at Gatwick following increased demand for Peugeot spares, and this temporarily affected profitability in vehicle spares.

Tax takes £1.91m (£1.7m) and minorities £350,000 against £303,000. Adjusted stated earnings per share are 29.58p (30.93p).

There is an exchange gain of £54,000 (£10,000 loss) and extraordinary debit of £471,000 (£39,000), leaving the surplus attributable to shareholders at £1.35 (£1.48m). The 1978 debit includes £265,000 provision for diminution of net assets in Tanzania because of the currency devaluation.

● comment

The sweetener for the cumulative preference rights issue by Marshall's Universal is a yield almost double the current return on the equity for at 152p, down 8p yesterday, the ordinary shares yield just under 6 per cent. The issue proceeds will clip borrowings to £6m where the gearing is an acceptable 50 per cent and the acquisition of at least one UK components group is already in the pipeline. With the exception of paper merchanting activities, the domestic businesses performed well last year but their contribution is still dwarfed by the weight of African profits which expanded by £500,000 to £3.1m. The Kenyan import deposit scheme is expected to tie up at least £3m and, although prices have been raised to cover the cost of financing this level of deposits, funding on this scale must act as a brake on the group's expansion in Kenya and, indirectly, its scope to build a larger UK profit base.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Assocd. Paper ......int.	1.21	July 6	1.21	—	3.48
Atlas Electric	1.5	June 2	1.3	2.25	1.9
Barrow Hepburn	1	July 12	Nil	1	1.38
Berkeley Hambro Prop.	1.9	—	1.75	3.65	3.22
Cartiers Superfoods	2.41¶	—	—	3.6	—
John Crowther	0.73	June 28	0.65	0.73	0.65
Davenports Brewy. int.	0.88	July 3	0.88	—	3.09
Seccombe Marshall	9.4	July 2	8.34	14.9	13.34
Holt Lloyd	4.25	July 27	4.25	7.75	7
King and Shaxson	2.79	June 15	2.39	3.79	3.43
Lloyds and Scottish int.	1.87	Aug. 1	1.7	—	4.41
Marshall's Universal	3.04	July 23	2.72*	5.95*	5.23*
Milletts Leisure	3.32§	July 12	—	3.32	—
Newman Industries	4.5†	Aug. 1	3.63	6	5
Sandhurst Marketing	0.68‡	June 28	—	0.68‡	1.06*
Selincourt	0.86	July 3	0.77	1.36	1.23
H. C. Slingsby	1.8	July 9	1.65	2.4	2.25
F. Sumner	0.29	July 2	0.25*	0.79	0.71*
Usher Walker	2.33	July 2	2.12	3.61	3.27
Warner Estate ......int.	1.6	July 2	1.4	—	2.97

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For seven months. § Compared with 3.015p forecast in November, 1978, prospectus. ¶ Gross throughout.

Holt Lloyd confident after 20% advance to £3.5m at year-end

TAXABLE PROFITS of Holt Lloyd International, the car products group, jumped 20 per cent in the year to February 24, 1979. The directors say the current year has started well and they continue to budget confidently for above-average growth.

The pre-tax surplus rose from £2.92m to £3.51m on turnover 19.6 per cent ahead at £35.15m.

The board says that but for the haulage dispute and the bad weather early this year, the increases on sales and taxable profits would have been held at the 22 per cent achieved in the first half. The group then lifted the surplus from £1.61m to £1.96m.

In the UK last year sales of the DIY products jumped 24.2 per cent to £21.5m. But food sales fell 16 per cent although this side continued to make a useful profits contribution with an exceptional return on capital.

The first move into the household sector with Holts Bond-it and Contour was "reasonably successful" and the group has established a firm base for sales growth, says the board.

Overseas and export sales rose 23 per cent to £10.9m. Europe moved ahead strongly and subsidiaries in Germany, France and Benelux produced a combined 30 per cent sales increase.

The group recently acquired the French company, Pro-Combur SA and this will accelerate significantly European development.

The Americas division suffered higher-than-anticipated trading losses of £313,000 borne out of revenue. The strategy for Canada has gone according to plan. In the U.S. the trading losses were reduced significantly in the second half and are being contained at a much lower level.

	1978-79 £000	1977-78 £000
Sales	35,149	29,393
Auto. and aerosols	21,525	17,341
Overseas and export	10,888	8,862
Food	2,736	3,190
Trading profit	3,560	2,941
Interest	51	23
Profit before tax	3,509	2,918
Tax	1,611	1,281
Profit after tax	1,898	1,657
Minorities	15	30
Attributable to Ord.	1,883	1,627
Dividends	779	700
Retained	1,104	927
Earnings per share	18.76p	16.21p

The final net dividend of 4.245p per 10p share lifts the total from 7p to 7.745p—the maximum permitted. Stated earnings per share are ahead from 16.21p to 18.76p.

The company has adopted the new accounting standards for depreciation and currency translation and tax. The comparative figures have been adjusted.

● comment

With profits and sales around 20 per cent up on the previous year, Holt Lloyd has successfully maintained its above average growth status. Sales were assisted by the addition of new products, particularly the first members of a range of household sector brands. Export and overseas activities, with the exception of North American, did well despite the stronger pound. Both Canada and the U.S. recorded losses but a small acquisition in Canada towards the end of the year helped profitability and the company hopes a similar move may aid its U.S. activities. Advertising expenditure in 1978-79 was around £1m and a similar figure is planned for this year. Also considerable sums will be spent on sales promotions of various sorts. The shares—down 4p at 185p where they have a fully taxed p/e is 10.9, and yield is 6.4 per cent—are worth watching, particularly if it achieves its goal of above average growth.

Selincourt turns in 8% rise

RECORD PROFITS are reported by Selincourt, the textile, lace and fashion garments group. The taxable surplus rose 8 per cent from £4.23m to £4.56m in the year to January 31, 1979.

Turnover was 13.6 per cent higher at £61.92m against £54.48m and included exports of £8m compared with £6.4m.

At mid-way, when profits were up from £1.55m to £1.7m, the directors anticipated another record year.

Full-time profit was restricted by disappointing results from the Taylor Merrymade and Suede and Leathercraft subsidiaries. However, following management changes introduced six months ago, both are now on the road to recovery, the directors say.

The turnround of these companies and the continuing overall progress of the group firmly indicates a further advancement in the current year, they add.

After increased tax for the year of 943,000 (£238,000), earnings per 5p share are shown lower at 6.95p compared with 8.7p. A net final dividend of 0.86p lifts the total payment from 1.2326p to a maximum permitted 1.36p. And the directors reaffirm their intention to recommend a substantial increase as soon as possible.

Reserves have increased by £4.61m to £14.06m arising mainly from retained earnings and a surplus on the revaluation of freehold and leasebold properties. Shareholders' funds now stand at £18.08m (£13.47m) and net assets are shown at 34.7p (25.8p) per share.

● comment

Disappointing results from Taylor Merrywade and Suede and Leathercraft kept Selincourt's full year profits growth down to only 8 per cent last year. But this should not prove unduly worrying. With management changes initiated right at the top, both companies are now on the mend and are expected to make a turn round of £½m this year from losses of £200,000. Exports, after a 25 per cent jump, are also expected to rise to some £10m despite sterling's strength. Overall the textile division should continue to do well. Last year it expanded its share of group profits from 40 to 56 per cent with Filigree, Walker and Rice performing extremely well. This compensated for the garment division whose contributions were cut from 60 to 44 per cent on account of the two poorer subsidiaries. French based Tricosa continued to strengthen its position and now accounts for some 25 per cent of group profits (15 per cent). Selincourt's actual borrowings have gone up moderately with interest charges rising from £1.2m to £1.4m, but in relation to shareholder's funds, they are down, partly because of a £1.7m revaluation surplus on properties. The shares are down 2p to 31p on a fully taxed p/e of 7.2 and yield of 6.7 per cent.

Slump at King & Shaxson

PROFITS OF King and Shaxson, the banking group, fell in the year to April 30, 1979. The surplus tumbled from £1.22m to £708,994 after providing for rebate, tax, minorities and transfer to contingencies.

With the balance brought forward of £2.08m, against £1.41m, the surplus rises to £2.78m, compared with £2.62m.

After dividend costs of £883,126 (£547,093) the balance comes out at £1.9m (£2.08m).

The final dividend is 2.7852p per 20p share to lift the total by the maximum permitted, from 3.426p to 3.7852p.

John Crowther runs into second half losses

AFTER REPORTING an increase in midway profits from £24,323 to £122,438, John Crowther Group, woollen textile manufacturer, incurred losses in the second six months of 1978 to finish with a pre-tax surplus of £37,217, compared with a £262,333 deficit previously.

The result was struck after a depreciation figure of £136,200 (£134,097), interest of £196,222 (£217,514) and special write-offs and redundancies last time amounting to £210,000.

Tax charge was £17,145 against a £70,517 credit, giving a net profit of £20,072 (£191,816 loss). The net dividend is stepped up from 0.65p to 0.73p per 25p share.

The directors state that during 1978 the company's policy was to reduce stocks with a residual quantity of lines, which were being sold and manufactured before the increase of sterling.

The effect of this policy was to reduce the total stock value and improve the liquid situation.

However, losses and through production being less than pieces sold, affected the profitability to a considerable extent.

During 1978 in order to retain around 9 0operatives the company received some £370,000 in temporary employment subsidy. These operatives are now fully engaged.

The current order book is about 40 per cent higher than the previous year, deliveries are 66 per cent in excess of the same period and the policy developed in accordance with the need to adapt to the higher pound is proving fruitful, the directors add.

BHG profit reaches £1.5m

REDUCED profits from the Rizzi machinery business were mainly responsible for the adverse swing in profitability of the Barrow Hepburn Group in 1978. Pre-tax profits of the group in its present form amounted to £1.52m against a restated £2.23m previously.

However, extraordinary items amounted to £1.74m against £2.42m leaving an attributable loss for the year of £1.17m. Earnings per share are shown at 2.02p (5.84p) and the dividend is a single 1p final—a 1.5p final was forecast against the 1977 single interim of 1.375p.

The directors say the remaining companies constitute a firm base for profitable expansion and the 1979 result will benefit substantially from reduced interest costs following the £10.5m sale of the chemical division.

As anticipated in December 1978, provisions against certain loss making activities and unprofitable investments, which are being eliminated following the Board's review of all group operations, more than absorb the surplus on the chemical division sale.

Extraordinary items comprise the surplus on the sale of the chemical division including trading results before tax for the year of £7.53m less additional provisions relating to Schrader Mitchell and Weir of £1.91m; provisions against trade investments and investments in associated companies, £5.66m; losses on sale and revaluation of property, £531,000 and other items including reorganisation costs and results of subsidiaries in closure or being held for disposal, £644,000.

A tax charge on extraordinary items of £530,000 arises due to certain losses and provisions not being allowable for tax purposes. Some proportion of extraordinary items may relate to 1977 or earlier years.

Whinney Murray and Company's investigation into the accounts of SMW, the Glasgow hide dealing company, following irregularities in that subsidiary is now completed. In the light of successful pursuit of claims the exposure will not exceed £2.3m before tax compared with the maximum of £4.2m mentioned in the interim statement. Following the discovery of the irregularities, none of the management of SMW is any longer employed within Barrow Hepburn and all hide dealing is now concentrated in the successful hide dealing company, C. L. Stubbs and Company.

The provision against associated companies reduces the value of Barrow Hepburn's interests in British Tanners Products to an appropriate amount. Further provisions have been made against other investments and company activities in the UK, Europe, Australia and South America.

Since the year end an agreement has been signed for the group to sell all its interest in Wilcox Mofflin, a publicly quoted Australian company and the sale price has been taken into account in extraordinary items.

The Board believes that no further extraordinary provisions are necessary.

	Year 1978 £000	1977 £000
Turnover	34,810	32,760
Trading profit	2,578	3,113
Interest receivable	65	114
Interest payable	1,427	1,288
Investments income	28	19
Associates share	277	275
Profit before tax	1,521	2,233
Tax	946	974
Net profit	575	1,259
Minorities	5	9
Extraord. debits	1,742	2,421
Attributable loss	1,172	1,171
Dividends	318	342

● comment

Barrow Hepburn's promised review of its operations has been suitably rigorous. Interests in associates, particularly British Tanners Products, have been written down to a minimum, which means that even after the £7.5m surplus on the sales of its chemical interests to Tunnel the group is showing an extraordinary loss. It is adamant that the provisions for losses caused by fraud at SMW in Glasgow—at £2.3m much less than once feared—will prove sufficient. BTP is now being treated as a trade investment, leaving the French tanning company as the only significant associate. After all this hacking about, Barrow has been reduced to a small group of steady businesses with—at last—a healthy balance-sheet: net debt at December was down to 18 per cent of shareholders' funds and falling. This leaves the company scope to grow through acquisition once recent unpleasant memories have subsided. Interest saving may allow Barrow to make around £3m this year, which puts the shares at 35p on a prospective fully-taxed p/e of around 6 and may allow a yield of 10 per cent or so.

Lloyds & Scottish down slightly in first half

FOR THE six months ended March 31, 1979, pre-tax profits of the Lloyds and Scottish finance group were marginally lower at £12.26m against £12.62m in the same period last year.

The directors say movements in the average finance house base rate had a significantly adverse impact on profits but this was largely offset by good performances in other aspects of group activities.

Earnings per 20p share are shown at 5.43p against 6.06p. The interim dividend is lifted from 1.7p to 1.87p — last year's total was 3.40692p from pre-tax profits of £26.21m.

A profit-sharing scheme has been approved and the amount chargeable of about £325,000 before tax for 1977-78 will be dealt with in this year's annual accounts. The results for the 1978-79 first half are stated after charging the estimated amount attributable to that period.

The company is controlled by Lloyds Bank and the Royal Bank of Scotland.

	6 mths. 1978-79 £000	6 mths. 1977-78 £000
Profit before tax	12,257	12,619
Tax	6,142	5,808
Net profit	6,115	6,811
Minority interests	285	387
Attributable	5,830	6,424
Dividends	2,008	1,821
Retained	3,822	4,603

See Lex

SUNBEAM WOLSEY

The board of Cork-based Sunbeam Wolsey has decided to declare a second interim dividend of 2.8875p per share for 1978.

This is the amount due to have been proposed at the annual meeting which was postponed because of postal disruptions in Ireland. No final dividend will now be proposed.

Payment of the preference dividend for the half year to December 31, 1978 (2.8 per cent plus a supplementary 0.28 per cent due to Export Sales Relief) has also been decided.

Unless normal postal services return, Irish shareholders will be able to collect their dividend and a copy of the annual report from the company's registrars in Cork.

Slingsby improves to near £200,000

For 1978, H. C. Slingsby, maker of hand trucks, trolleys, ladders, etc., boosted taxable surplus from a depressed £63,479 to £194,673, which approaches the record £219,964 achieved in 1974. At midway, profits were up from £47,843 to £72,998.

	1978 £	1977 £
Turnover	3,788,893	3,105,007
Profit before tax	194,673	63,479
Tax	50,773	29,352
Extraord. debit	22,936	—
Minority losses	37,495	28,743
Attributable	158,459	62,870

Tax for the year takes £50,773 (£29,352) and after an extraordinary debit of £22,936 this time, and minority losses, attributable profits increased from £62,870 to £158,459.

A final dividend of 1.8p net steps up the total payment from 2.25p to 2.4p per 25p share, from stated earnings well ahead at 15.85p against 6.29p.

Mercantile Credit rises at halfway

TAXABLE PROFITS of Mercantile Credit Company, a member of the Barclays Group, expanded from £15.7m to £18.9m in the six months to March 31, 1979. In the last full year the profit was £32.9m.

The half-year surplus was boosted by the collection of £1m *previously written off from the* exceptional provisions made in 1974 and 1975 against the property portfolio. A total of £2.7m of these provisions remains at March 31 following releases to credit of £1.8m in March, 1978.

Mr. Stuart Errington, managing director, says the satisfactory results reflect the considerable growth in the industrial and consumer portfolios over the past two years.

The accounting period is being amended to December 31 to coincide with the parent, and the *current* period will accordingly cover 15 months to December 31, 1979.

See Lex

Cartiers Superfoods just off target

Cartiers Superfoods just failed to meet its £1.25m profit and £28.5m turnover forecast given in the offer for sale last July.

Sales were £27.8m and profit before tax £1.23m in the 52 weeks to January 27, 1979. These figures exclude the £1.86m turnover and £24,000 loss made by the new East Anglian stores *which were not included in the* forecast.

The directors expect turnover to exceed £48m in the 52 weeks to January 1980.

In the 1977-78 year, taxable profits were £828,000 on sales of £20.12m.

After tax of £58,000 (£24,000), earnings per 20p share are shown at 9.45p (7.28p). The dividend forecast is met with a total gross payment of 3.6p which includes a 2.4p final—directors holding 61.7 per cent of the share capital have waived their entitlement to this payment. A one-for-two scrip issue is proposed.

With dividends absorbing £119,000 (£36,000), retained profit came through higher at £1.02m, against £0.77m.

The directors say the three East Anglian stores opened in November are now trading profitably. While trading margins at the original Kent stores were maintained at forecast levels, turnover and consequent profit in January were affected by the weather and the lorry drivers' dispute.

There was also a decline in inflation rate on the companies' sales mix in the second part of the year compared with the 10 per cent assumed in the profit forecast. However, the directors say, this has now accelerated again into double figures.

At the time of the offer for sale, it was stated that in the period of July, 1979, there would be four store openings which would increase retail sales area by 39 per cent to 164,000 sq ft. The directors now say that, by the end of July, the company will have achieved eight store openings and increased retail sales area by 109 per cent to 247,000 sq. ft. These figures do not include the new Brighton store, due to open in February, 1980.

The property profile has been improved with the completion of purpose-built freehold foodstores at Maidstone, Thanet and Eastbourne, and these are to be revalued as at June 30, 1979. Before any such revaluation the freehold property value after deducting prior charges accounted for 68 per cent of shareholders' funds as at January 27, 1979.

● comment

Cartiers has only narrowly missed the £1.25m forecast it made when coming to the market last July but the results are nevertheless very disappointing, and the shares slumped 14p to 127p. The company attributes the let-down to January's adverse weather and national drivers' strike, which cost roughly £0.5m in lost sales. It is difficult to translate this into lost profits but it had the effect of reducing margins to 3.8 per cent over the past four months, compared with 4.3 per cent earlier in the year. However, Cartiers' margins are still significantly better than other supermarket chains and if it is able to achieve a mean of 4 per cent, the company's forecast of £48m sales in the current year should mean profits of around £1.9m—an increase of 58 per cent. Currently the shares are on a p/e of just over 13 while the yield is 2.9 per cent—a rating which anticipates further growth.

Seccombe Marshall declines

AFTER TAX and transfer to contingencies reserve, profits of Seccombe Marshall and Campion, bill broker and banker, amounted to £237,338 in the year ended April 30, 1979, compared with £304,223 previously.

A maximum permitted final dividend of 9.3985p per £1 share makes a total of 14.8985p compared with 13.3419p previously.

Dividends absorb £210,349 (£188,344) and £624,717 against £607,728 is carried forward.

Milletts Leisure pays more than forecast

A JUMP in pre-tax profits from £677,000 to a record £1.26m for the year to January 29, 1979, is reported by Milletts Leisure Shops, which went public five months ago. Trading surplus was up from £603,000 to £1.2m, compared with the prospectus forecast of not less than £1m.

Earnings per 20p share are shown at 21p, against 9.4p and a net final dividend of 3.317p is to be paid for the year—10 per cent higher than the forecast of 3.015p made last November.

Describing the past year as one of substantial growth, Mr. Alan Millett, the chairman, says the result was assisted by exceptionally buoyant trading conditions in the final quarter.

Turnover for the 1978-79 year rose from £9.57m to £12.03m. In the current year turnover is running at a "satisfactory" level, and Mr. Millett expresses confidence that the company can look forward to another successful year.

The pre-tax result included a surplus on disposal of properties of £56,000, against £74,000. Tax takes £290,000 (£254,000 and the final dividend absorbs £116,906 after waivers of £55,578.

During the current year, the company intends to open six new shops, to resite seven of its existing shops and to modernise and expand nine others.

In Scotland, there are now six shops trading profitably owned by Milletts Shops Scotland which is owned jointly with Black and Edgington. This year the joint company intends to open four new shops and to modernise and expand three shops.

The group's shops sell leisure wear, camping equipment, men's and boys' clothing and footwear, industrial clothing and sportswear.

● comment

A strong fourth quarter has lifted Millett's Leisure's full-year profits above forecast and the dividend payout is 10 per cent higher than indicated at the *offer-for-sale stage. The reason* for the eleventh-hour spurt was the adverse weather conditions, which boosted sales of anoraks and wellington boots. Overall the results reflect the buoyant trading conditions for leisure wear. After excluding the contribution from additional selling space during the year, there is an underlying volume gain of about 5 per cent, which looks a shade better than the company's major competitors. In the current 12 months the company plans to *continue its expansion* programme with at least a tenth more selling space in the pipeline, but growth is unlikely to match last year's 86 per cent profits rise. At 172p (up 8p), the shares are on a p/e of 8 on a low tax charge, while the annualised yield is 5.5 per cent.

Wood Hall tops £2.7m midway and sees £6m

PRE-TAX profits of Wood Hall Trust advanced from £1.98m to £2.74m in the half-year to December 31, 1978, on turnover down from £179.41m to £158.25m. And the directors forecast full-year surplus of some £6m, compared with £4.57m previously.

The gross dividend for the year is expected to be stepped up from 8.0675p to a maximum permitted 8.8725p.

Half-yearly tax took £1.33m (£0.75m) and minorities totalled £201,000 (£235,000). There are extraordinary profits of £531,000 against £1.35m last time, leaving attributable surplus lower at £1.74m, against £2.34m.

Turnover for the half-year to end-December 1977 has been adjusted to exclude £19.55m for the Victoria/Riverina business of the Australian Mercantile, Land and Finance subsidiary. This merged with Dennys Strachan Mercantile, which became an associate in October 1978.

The position of the subsidiary, Wood Hall (Australia), concerning the Gidgealpa/Sydney pipeline contract remains substantially the same as that given in the 1978 accounts, the directors say.

Agreement in principle has been reached with the Nigerian controlling shareholder for the payment of the £1.9m balance of the amount owing by Stronghold (Nigeria), the former associate, by instalments over a period which may extend to end-June 1981.

● comment

Wood Hall's first-half improvement is based on a better result from its UK private housebuilding operations plus a strong performance by its Australian pastoral sector activities. The overseas trading businesses, concentrated mainly in the Far East, had a flat first half and Millard Group, a housing and industrial development contractor in the UK, found its margins under pressure and demand rather slow. The full year forecast of £6m is based on a continued strong trend from housebuilding plus Australia. While the anticipated result is well above 1977-78, it is still below the peak figure of £8.4m recorded in 1974. The shares, unchanged at 102p, have a prospective p/e of 9.7 and a yield of 8.7 per cent. The net dividend is covered 1.8 times by fully taxed earnings.

HAMPTON TRUST RIGHTS ISSUE

Hampton Trust, the property investment company, is raising £381,000 net by a rights issue on the basis of three-for-10 at 12p per share. The issue has been underwritten by Foster and Braithwaite.

Dealings in the new shares are expected to start next Monday.

On March 31 the company repaid all its outstanding 4 per cent Secured Loan Stock, which amounted to £600,900 at that date.

After the sale of two investment properties held by a subsidiary, there remains a net current liability of about £200,000 which is currently financed by the company's bankers on a short-term basis.

The directors consider it would be in the company's best interest to fund this and at the same time provide additional fixed and working capital for expansion.

Warner Estate up at midway

FROM TURNOVER of £2.61m against £2.39m, profits of Warner Estate Holdings improved from £435,239 to £553,800 in the half year ended March 31, 1979, before tax of £288,991 compared with £224,040.

Earnings per share are shown at 2.63p against 2.1p and the net interim dividend is lifted from 1.4p to 1.6p per 25p share. The previous total was 2.97403p from pre-tax profits of £1.01m.

The directors say that net proceeds of the sale of houses and flats totalled some £790,000 for the first half after estimated tax of £107,520. It is intended to recommend the distribution of a higher proportion of the group's earnings whenever this is allowed.

MINING BRIEFS

AMALGAMATED TIN NIGERIA—Production of concentrates for March: tin 187 tonnes, columbite 18 tonnes (February 184 and 21 tonnes respectively).

Norwich Union returns to equities

Norwich Union Insurance Group made a return to the equity market in 1978 after a few years of relatively low investment in ordinary shares. Mr. Desmond Longe, in his chairman's statement, points out that £49m of new money in the UK was invested in equities in 1978, compared with only £9m in 1977, and £12m in 1976.

The group, always a substantial investor in property, put a further £39m in this sector last year. But its main investment, as in previous years, was in gilts with £74m being invested at attractive yields.

Long-term funds rose by over £200m last year from £1.27bn at the beginning of the year to £1.49bn at the end. Annual premium income advanced by over 20 per cent from £183m to £222m and single premiums by nearly 50 per cent from £28m to £41m. Investment income was 20 per cent higher at £161m.

A satisfactory underwriting performance was achieved by the fire society and an increase in investment income lead to pre-tax profits of £28.1m against £26.7m in 1977. A record dividend amounting to £6.3m net was paid to the Life Society.

Mr. Longe points out that the drop in underwriting profits to £1.6m against £5.5m in 1977 reflected the cost of weather claims, a rise in large industrial fire claims and the impact of increasing competition.

The group's joint venture in the reinsurance company Norwich Winterthur had reached a stage where the primary objectives had been achieved. The company was now well established in the London and overseas markets. The fire society's share of pre-tax profits last year amounted to £4.2m against £2.7m in 1977.

The banking division has a satisfactory year with after-tax profits of £2.8m against £2.2m in 1977. Dividends totalling £1.9m net were paid to the life society.

BIDS AND DEALS

Lex spending £2.6m on U.S. expansion

Lex Service Group, the car dealing to hotels concern, has made its first major move to expand activities in the United States.

In a deal worth $5.4m (£2.6m) in cash Lex has acquired the Californian automotive parts distributor Chanslor and Lyon Inc.

Foreshadowed in the 1978 annual report this is Lex's first U.S. venture in non-hotel interests.

Chanslor and Lyon's pre-tax profits for the year to April 30 this year are estimated at $1.1m (£536,000) on sales of about $40m (£19.5m).

Mr. Trevor Chinn, chairman of Lex, said: "This further development in the United States is into a business in which we have considerable experience and we have acquired a well managed company in a strong position in its regional market."

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Barlow Rand, G.R. (Holdings), North Midland Construction, Peak Investments, Serck, Vaux Breweries.

Finals: James Beattie, J. Foster, Garrer Scotblair, F. G. Gates, Hambourne, Marlborough Property, Vineers, Weeks Associates.

FUTURE DATES

Interims—
K Shoes ... May 24
McCorquodale ... June 5
Midland Industries ... May 17
Spencer Clark Metal ... May 16

Finals—
Bremar Trust ... May 16
Duncan (Walter) & Goodricke ... May 21
Duport ... May 15
Panto (P.) ... May 22
Pyramid (Publishers) ... May 17
Scott and Robertson ... May 22
Walker (C. and W.) ... May 17
Young Companies Inv. Trust ... May 14

Common Bros. still rejects B & C offer

British and Commonwealth Shipping Company's 200p per share cash offer for Common Brothers, the ship owner, services and insurance broking group, "does not in any way reflect the true value of your company," says Sir Rupert Speir, Common's chairman, in a letter to the group's shareholders.

The further call by the group to shareholders to reject the offer comes in response to the extension of B and C's offer, which has so far received acceptances of only 13,475 shares, amounting to 0.4 per cent of Common Brothers' equity.

B and C announced its 200p per share offer in April after it had acquired 530,000 shares, nearly 18 per cent of Common Brothers equity from Gosforth Industrial Holdings (the old Swan Hunter group).

Sir Rupert Speir tells shareholders "the fact that this price—200p—was accepted by Gosforth Industrial Holdings is irrelevant for the following reasons.

"B and C decided to acquire the Gosforth shareholding only after Gosforth had instructed its brokers to seek buyers on the market. The price of 200p per share represented a discount on market value as is normal with the placing of a large block of shares.

"That transaction did not involve a change of Board or management control of your company and of its assets and is therefore not a proper guide to the value of your company as a whole. Where control passes the value must be significantly higher."

"There have been a number of significant changes in the group since June 30, 1978 which have not only increased its net asset value but have considerably strengthened its overall financial position," says Sir Rupert.

"The offer has already been discounted by 4p per share being the net amount of the interim dividend declared on April 21 and payable on May 24, 1979. Accepting shareholders would not be entitled to retain this dividend.

"Your Board is confident of the prospects for the group which it has amply demonstrated by indicating its intention of recommending an increase to 12p net per share in the total dividend for the current year."

Hawley Leisure buying amusement company

Camping equipment manufacturer Hawley Leisure is paying a maximum of £1.19m for the capital of Ruffler and Deith, a company which markets and operates coin-controlled amusement machines.

The acquisition follows November's rights issue of £388,000 in convertible unsecured loan stock when the company also announced a return to profitability at the halfway stage.

Further evidence of an improvement came yesterday with Hawley breaking a four-year pattern of losses with pre-tax profits in 1978 of £22,008 (loss £98,087) on sales £322,000 lower at £1.1m. Tax was nil (£10,475) leaving attributable profits of £19,035 (loss £152,817) after extraordinary debits nil (£44,255) and minorities. Stated earnings are 0.29p (loss 2.97p) and there is a final dividend of 0.05p making a total of 0.1p (nil).

The initial consideration for R and D will be satisfied by the issue of 1.46m ordinary Hawley shares and £375,000 cash. Further payments will be made in July 1980 subject to warranted pre-tax profits for the 24 months ended March 1980 of £500,000.

R and D's latest accounts show taxable profits of £170,916 on sales of £5.5m for the year to March 1978. Net assets at that date were £451,571.

Hawley says R and D will strengthen further the company's position in the amusement machine field following the acquisition of Streets Automatic Machine last year.

DEBENTURE OFFER 'NOT ENOUGH'

The Airways Pension Scheme offer for Debenture Corporation, the investment trust, is worth only 83.4 per cent of the going concern value, according to Sir Archibald Forbes, chairman of Debenture, in a letter sent to shareholders yesterday.

Sir Archibald points to three "unreasonable adjustments" in Airways' formula for valuing Debenture. One is the deduction of the redemption value of the Debenture stocks and the offer value of the preference stock rather than their respective market values. The second is the potential liability to Capital Gains Tax on unrealised capital gains. And the third is the cost of immediate termination of John Govett and Co.'s management contract.

Sir Archibald also points out that Debenture shareholders personally may be liable to Capital Gains Tax if they sell out to Airways, and that they would suffer commission and other costs when reinvesting.

BURBERRYS—ELIZ. ARDEN

Burberrys and Elizabeth Arden Inc. announce they have entered into an agreement on a royalty basis to develop jointly a new range of fragrances for men and women bearing the Burberrys' name.

Burberrys is a subsidiary of Great Universal Stores.

LADBROKE BUYS BETTING SHOPS

Ladbroke Racing, part of Ladbroke Group, is further increasing its activities in Scotland. The company has agreed to pay John McLauchlan £365,000 in cash for 12 retail betting shops situated in the Edinburgh and Glasgow areas.

Ladbroke Racing will now have 139 betting shops in Scotland and more than 1,000 nationwide.

PENTOS

T. A. Maher, a director of Pentos, has sold 200,000 ordinary shares of the company at 90p and £4,350 of 15 per cent convertible unsecured loan stock at £2.90 per £1 unit. W. T. Sanders, director, has sold 20,000 shares at 90p. J. Pemberton, director, has sold 19,730 deferred ordinary shares at 94½p.

All deals were carried out on Wednesday.

SUITS/LONRHO

The majority of the independent directors of Scottish and Universal Investments (SUITS) are now recommending shareholders to accept the increased offer from Lonrho, or sell their shares in the market. They say they still think Lonrho's offer, which values SUITS at £67m, is too low but "it would not be in shareholders' interests to remain as minority holders."

Lonrho announced on Wednesday that it had obtained an interest in over 50 per cent of SUITS after raising its offer that day.

MINING NEWS

TCL dividends rise again

BY KENNETH MARSTON, MINING EDITOR

SOUTH AFRICA'S Transvaal Consolidated Land and Exploration, the mining investment arm of the Barlow Rand group with interests covering coal, chrome, gold, platinum and timber, forecasts a fresh increase in the final dividend to "at least" 83 cents (47.6p) for the current year to September 30.

Following the higher interim, now declared, of 42 cents this indicates a minimum total for the year of 125 cents against the 1977-78 total of 110 cents. Meanwhile, earnings for the first half of the current year are in line with expectations at R13.4m (£7.7m), equal to 184 cents per share, compared with R13.8m a year ago and the 1977-78 total of 27.5m.

Capital spending during the latest half-year amounted to R23.5m. TCL says that the proposed expenditure over the next six years amounts to R95m including commitments contracted for of R38m. These sums, which are in current values, will be met from earnings and from finance already arranged, it is added.

	Half-year to March 31, 1979 R000	1978 R000
Turnover	75,064	68,764
Profit before tax	27,809	29,073
Tax	10,352	11,112
Profit after tax	17,457	17,961
Minorities	4,025	4,127
Attributable	13,432	13,834
Shares in issue	7,304,838	7,304,838
Earnings per share	183.9c	189.4c
Earnings per share after adjustment	183.9c	182.8c
Divs. per share	42c	35c

● comment

Presumably TCL is looking for a better half-year thanks to higher platinum and gold income coupled with the benefits of the new Rietspruit coal mine which commenced shipments in the past quarter, although the mine's interest on borrowings is now being changed against income instead of being capitalised.

Despite the higher dividend forecast, the London sharemarket considered TCL's latest results uninspiring and lowered the shares to £17. At this price the indicated yield to a UK holder on the projected minimum dividend of 125 cents is not outstanding at 5.4 per cent, even allowing for the fact that the group's important coal interests—which provide some 70 per cent of earnings—are in a growth phase which should run to the mid-1980s.

TONGKAH BOOSTS ITS INTERIM

Tongkah Harbour Tin, the Malaysia Mining Corporation unit with operations in Thailand, yesterday declared a sharply higher interim dividend of 15 cents (3.24p) for the year to June. The interim last year was 8.0 cents and total payments for the 12 months were 24 cents.

The declaration follows an earlier announcement of higher net profits for the six months to December. Income was M$996,000 against M$875,000 in the same period of the 1977-78 year.

A much more cautious dividend policy has been followed by Aokam Tin, another MMC unit with Thai interests. Its interim is maintained at 10 cents (2.16p) following net income in the six months to December of M$3.7m against M$3.65m in the 1977-78 first half.

In the financial year to last June, Aokam's dividend payments came to a total of 35 cents.

ANAMINT ASSETS INCREASE

The market value of shareholdings possessed by Anglo-American Investment Trust (Anamint) increased sharply during the last financial year, raising the net asset value of the company to R9.148 (524p) a share by the end of March from R6.126 a year earlier, according to the annual report, published today.

Anamint is part of the corporate mechanism used to hold together the Anglo American Corporation-De Beers Consolidated Mines group of companies in South Africa. It is 52.16 per cent owned by Anglo American and itself holds 26.37 per cent of the De Beers equity. The rise in the value of its portfolio therefore reflects the higher De Beers price on the Johannesburg stock exchange.

With its fortunes so closely linked with De Beers, Anamint is not likely this year to match the increase in dividend it achieved in the year to March. Payments rose to R7.50 from R6.00 in 1977-78. The international diamond market has quietened in recent months and seems to have entered a period of consolidation.

Pressure on margins hits Francis Sumner

PRESSURE on margins in some companies hit the second-half profits of Francis Sumner (Holdings). After going ahead from £387,483 to £404,893 at mid-way the group ended 1978 with the taxable surplus down £97,000 at £693,466, on a turnover falling from £16.9m to £15.1m.

Because of the pressure on margins and the resulting losses, Cotton and Rayon Spinners was forced to close Delta Mill, one of its spinning mills. A large number of the employees will be offered alternative work in the company.

However, the group's figures improve when the companies which have been sold are stripped out of the 1977 figures. Taxable profits then show an 8 per cent increase after the 1977 surplus has been accordingly reduced to £640,889 on turnover of £14.1m.

The re-equipment and reorganisation of H. Edgard and Sons (London), uniform suppliers to the Ministry of Defence, has nearly been completed and the company should be back in profit in about two months.

In the first quarter of this year the group was affected by the bad weather and industrial disputes, but the group as a whole shows only a small revenue decrease over the same period last year.

At the end of March the order book was up on last year and the directors are looking for a successful year.

Attributable profits are down from £1.34m to £421,930. Last year there was an extraordinary credit of £880,154 following the surplus on the disposal of Lloyds British Testing to Davy International. This time the extraordinary credit is only £30,074.

The final dividend of 0.2918p lifts the total from an adjusted 0.709p net per 10p share to 0.7918p. Stated earnings per share before extraordinary items are 1.46p, against an adjusted 1.72p.

Income rise for Atlas Electric

Gross income of Atlas Electric and General Trust advanced from £4,732,378 to £5,513,652 for the year ended March 31, 1979.

After tax of £1,512,233 (£1,330,523) stated earnings rose from 2.06p to 2.34p per 25p share. A final dividend of 1.5p lifts the net total to 2.25p (1.9p) and it is intended to pay an interim of 0.9p in respect of the current year to reduce disparity.

Net asset value is shown at 99p (79p) after deducting prior charges at par and including investment currency premium.

Farnell confident of growth

All sectors of Farnell Electronics made a positive contribution to 1978/79 profits, says Mr. R. Kidd, the chairman, and are expected to maintain or improve their position in the current year.

He adds that the directors are confident of continuing growth in future years.

As reported on April 25 pre-tax profits for the January 31, 1979, year rose from £3.12m to £4.05m on turnover up from £18.22m to £22.25m. The dividend is increased to 7.37p (6.6p).

Meeting, Leeds, on June 14, at 1 pm.

BANK RETURN

	Wednesday May 2 1979	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	25 560 310	— 471,771
Special Deposits	679,540 000	+ 422,905,000
Bankers Deposits	403,125,360	— 45 104,435
Reserves & other Accounts	622 365,847	+ 4,774,459
	1,745,234,507	+ 381,103,253
ASSETS		
Government Securities	1,267,467,229	+ 447,569,999
Advances & Other Accounts	291,180,563	— 71,562,974
Premises Equipment & Other Secs.	167,268,498	— 994,305
Notes	19,120,790	+ 6,079,275
Coin	197,427	+ 11,258
	1 745 234,507	+ 381,103,253
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes Issued	9,250 000 000	+ 100,000 000
In Circulation	9,230,879,210	+ 93,920,725
In Banking Department	19,120,790	+ 6,079,275
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,683,763,942	+ 92,497,646
Other Securities	1,555,220,958	+ 7,502,354
	9,250,000,000	— 100,000,000

ADVERTISEMENT

1978 BUSINESS SURGE FOR NORWICH UNION

Desmond E. Longe MC BL
Chairman
Norwich Union Insurance Group

"WE HAVE significantly increased our business in both our main and associated companies, and have raised the bonuses payable on maturity for our United Kingdom Life Policies."

This is how Norwich Union Chairman Mr Desmond E Longe opens his statement which summarises the Group's progress in 1978.

"It was another successful year during which the Group continued its policy of providing a first-class comprehensive insurance and financial service," he says.

Mr Longe points out that the background against which this success was accomplished includes a fall in the U.K. rate of inflation to its lowest level since 1973 and more economic growth than for five years. He is, however, apprehensive about the trend of inflation in the months to come.

Turning to the Wilson Committee, Mr Longe reports that, during 1978, the Insurance Associations submitted their second-stage evidence. "We have been pleased to see the way in which this evidence has been received," he says.

And he repeats the assertion that all the capital industry needs is readily available provided the returns are comparable with those from other forms of investment. If industry was to seek money on these terms it was essential that it should be in a position to achieve the level of profitability necessary.

On the subject of the potential economic power in the hands of pension and life insurance funds Mr Longe wishes to make it abundantly clear that Norwich Union acts entirely independently, and jealously guards that independence, in taking decisions as to whether and when money is invested.

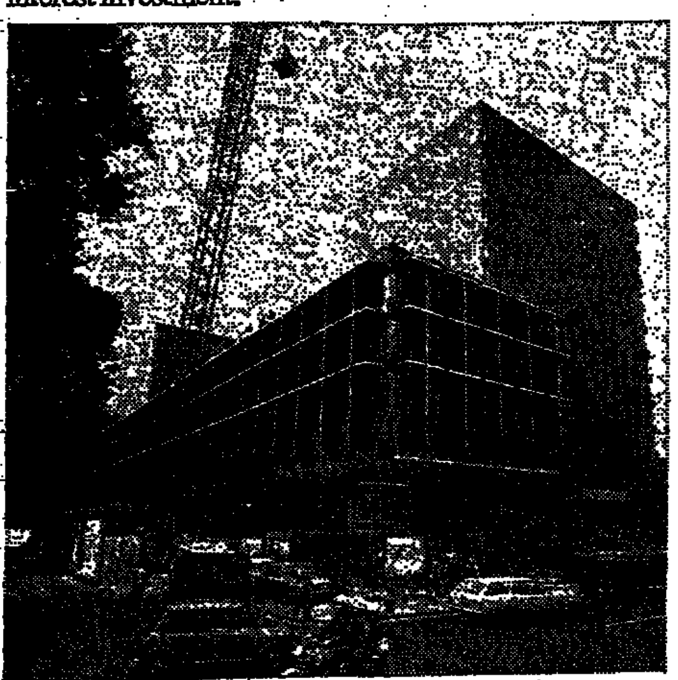
Investment income grows rapidly

Success in the investment field is vital to the competitiveness of the terms offered by an insurance company. In his statement Mr Longe draws attention to the rapid growth in Norwich Union's income from dividends, rents and fixed interest investments and this is clearly illustrated in the graph on the opposite side of this page. In the United Kingdom good opportunities were found to put £49 million into ordinary shares, £39 million into real estate, and once again a substantial amount, £74 million, was put into British Government stocks at very attractive yields. Where industry and commerce had a good use for our money, we were pleased to make it available, mainly through Norwich General Trust and Eastlease, a wholly-owned leasing subsidiary of Norwich Union, and £35 million had been invested that way.

"Our function is to write long term insurance business," Mr Longe said, "an activity which is subject to specific provisions in Statute Law. That being our business, although our contracts are in the main expressed in money terms, we are vitally interested in the creation of real wealth, without which our economy must decline."

While we were fully prepared to take advantage, on behalf of our policyholders, of the high yields available on government securities, nothing would please us more than the disappearance of the underlying reasons behind those high yields. "As it is, this generation is leaving precious little for the next generation other than a burden of debt." We would like to have more approaches by confident, sound businesses seeking investment capital and industrial buildings.

Overseas our investment programmes were different, partly because of the smaller scale of operations and partly because the available avenues of investment were restricted, by regulation or size of market. In all, the equivalent of £45 million was invested, of which £6 million went into mortgage loans and £27 million into other forms of fixed interest investment.



Norwich Union's £24m investment in the Euston Square office development is part of their £650m worldwide property portfolio.

Strong competition in Marine market

The current year has seen yet a further increase in the capacity of both the national and international hull markets, resulting in strong competition for available business. Rate reductions have been given at a time when current trading results are showing a deteriorating pattern, due not only to poor casualty experience and the effects of inflation on the cost of repairs, but also to the fact that there are many fewer ships afloat as a result of the world wide recession.

The Cargo account is suffering from the same unrealistic competition, further aggravated by continuing delay and disruption at ports throughout the world. A new aspect is the failure to deliver cargoes to final destinations, resulting from the insolvency of either shipowners or charterers. These factors create unsatisfactory conditions for the market as a whole and it is difficult to forecast a speedy return to greater stability.

There was a fall in premium income in the Aviation account during a year of restraint, although some improvement of profitability was achieved.

LIFE NEW PREMIUMS UP

In a year when world wide new annual premiums for British offices went up by as much as 28 per cent, the Norwich Union increased by 33 per cent. With an increase in the UK of around 44 per cent, "Our progress was remarkable indeed," says Mr Longe.

The Norwich Union's ability to pay holders of maturing longer term policies sums which have provided protection against inflation is exemplified by looking at a 25-year with-profit endowment taken out in 1953. A 30-year old man who began paying a £100 annual premium at that time would have received £6,900 when his policy matured last year – a tax free return of nearly 7¼ per cent a year on his outlay during a period when inflation averaged 6¾ per cent a year. In addition, he would have enjoyed life cover and tax relief on his premiums.

The administrative burdens of the new State Pension Scheme and the introduction of premium collection net of tax relief have introduced substantial demands on staff which have been successfully met, says Mr Longe. On net premium collections he reports that the change in procedure has gone smoothly, though it has been, and will continue to be, a most expensive exercise.

And next year, the Group will have to bear the cost of implementing the new legislation dealing with the 10-day cooling off period for taking out new life insurances which comes into force in January 1980.

FIRE SOCIETY RECORD

Fire Society pre-tax profits of £28.1 million provide a useful improvement on the record figure established in 1977 and enabled it to pay a record level of dividend to the Life Society of £6.3 million net (£9.4m gross).

World wide premiums grew by 23 per cent to £154 million, with the UK portfolio achieving a growth rate of 28 per cent.

Weather claims, industrial fires, and the impact of increasing competition for Fire business brought the record underwriting profit of £5.5 million for 1977 down to £1.6 million last year.

The Household portfolio continues to cause concern and under-insurance and the severe weather of early 1978 has had an adverse effect. Steps have been taken to index-link sums insured under Buildings and Contents policies, and this will help to ensure that our policyholders are adequately protected. The introduction of computer preparation of Household insurance documentation will help to contain our overheads but, warns Mr Longe, it is becoming increasingly clear that rate increases may be necessary as claims costs continue to rise.

The UK Motor account continues to grow very satisfactorily and achieved useful underwriting profit in a year when rising claims costs had an inevitable effect upon the level of settlements. However, Mr Longe makes the point that, "so long as inflation continues, premiums will have to rise."

Our Home Foreign Department has again achieved an excellent performance, but we have yet to witness significant improvements in our spheres of activity in Europe.

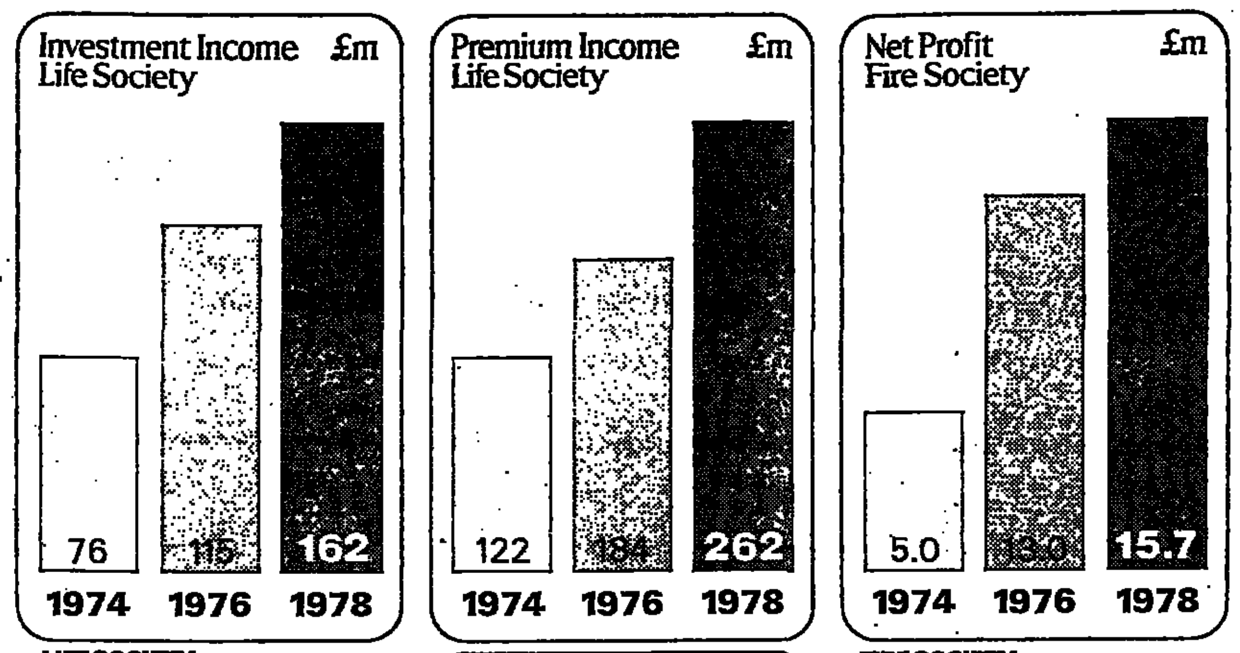
The joint venture with the Winterthur Swiss Insurance Company and Chiyoda of Japan which commenced in July 1976 has now reached a stage where the primary objectives have been largely achieved. A major international reinsurance operation has become well established in the London market and overseas. The Fire Society's share of the pre-tax profits of the Norwich Winterthur Group's operations amounted to £4.2m, compared with £2.7m in 1977.

CONCLUSION

Concluding his statement, Mr Longe says, "Before our Annual meeting, a new Government will have been elected. Whatever its political colour, we can but hope that measures will be taken to ease the burden of crippling personal taxation and tax on profits, thus restoring incentive to the individual and companies to invest in the future.

"Finally, I would thank and congratulate our Chief General Manager, Mr P W Sharman: not only for completing in January 1979 a most successful two-year term as Chairman of the Life Offices' Association, but also for leading his team of highly competent executive management and staff throughout the world to another eminently successful year. Without that individual effort and loyalty such success could not be achieved."

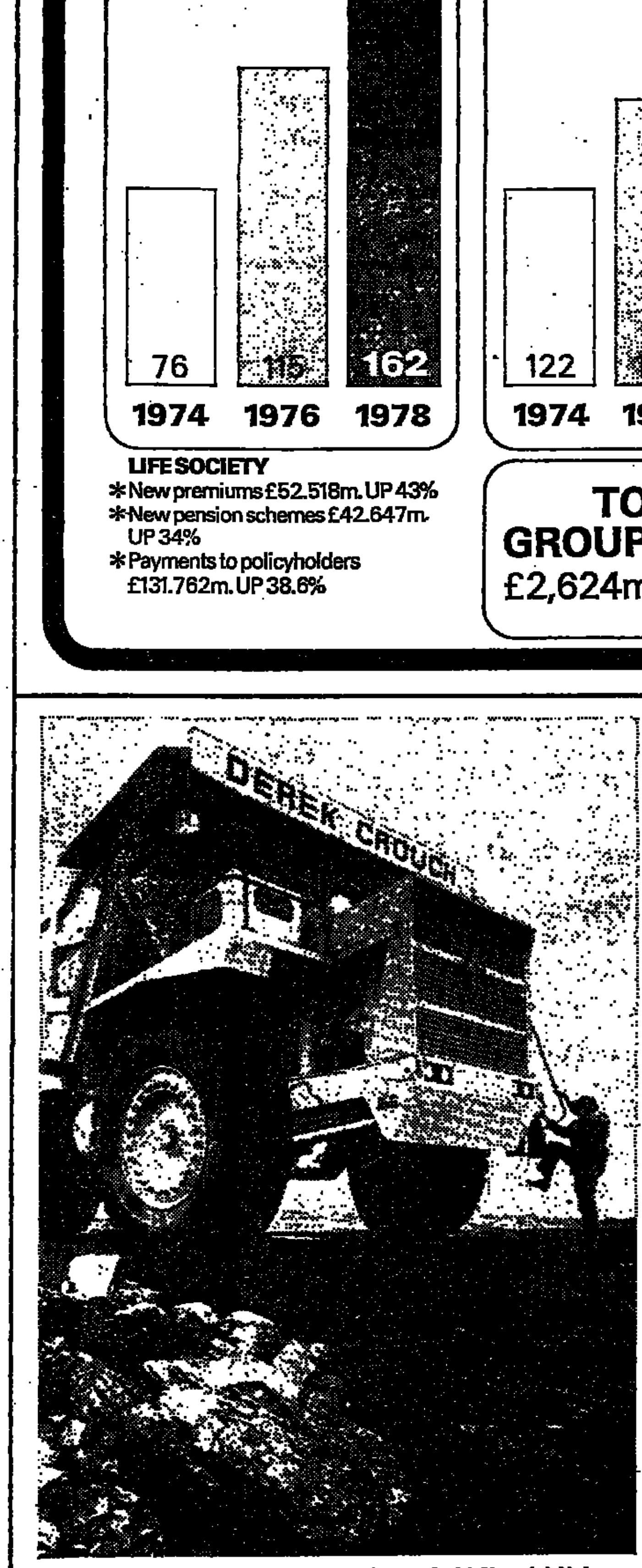
The story in brief...



LIFE SOCIETY
- ✱ New premiums £52.518m. UP 43%
- ✱ New pension schemes £42.647m. UP 34%
- ✱ Payments to policyholders £131.762m. UP 38.6%

TOTAL GROUP ASSETS
£2,624m. UP 12.9%

FIRE SOCIETY
- ✱ New premiums £154m. UP 23%
- ✱ Net dividend to Life Society £6.3m. UP 5.5%
- ✱ Underwriting profit £1.6m DOWN from £5.5m
- ✱ Investment Income £23.6m. UP 17%



This massive truck, one of a fleet of 18 insured with Norwich Union, is featured in our current advertising series, 'the Norwich Way'.

Banking progress maintained

Both A P Bank and Norwich General Trust have again shown satisfactory progress. Combined profits after tax amounted to £2.8 million compared with £2.2 million in 1977.

Dividends paid to the Life Society amounted to £2.8 million gross (£1.9 million net).

A P Bank completed its move to new premises in Great Winchester Street, London, and is now looking to expand its activities.

SMALL BUSINESS FINANCE

Finance for small businesses received considerable attention during 1978. Along with others, we have found it extremely difficult to locate those seeking equity capital, but loans to small businesses for a term of 15 years or so have proved very popular.

Norwich General Trust completed 650 loans during 1978 lending £18.5 million to small and medium-sized commercial and industrial companies – an average loan of £28,000. It has also made an encouraging start to its entry into the industrial hire purchase field.

As a further extension of the Group's long established policy of providing financial assistance to successful businesses, a subsidiary company of Norwich General Trust – Castle Finance Limited – with a share capital of £10 million has been transferred to the direct ownership of the Life Society, to be developed as an investor of equity capital in a wide variety of unquoted companies.

Over five million policies

Norwich Union is a mutual organisation and the owners of the whole Group are the Life Society's policyholders. In his statement Mr Longe re-affirms that the final and continuing responsibility of the Group is to the policyholders, of whom Norwich Union has an ever-growing number. At the end of 1978 the Life and Fire Societies together were administering as many as *5 million policies*. This had been made possible partly as a result of major data processing developments over many years, and partly by the continuing efforts of a world wide staff of over ten thousand.

In recent years when Government and community had been calling for wage restraint, the staff had looked for protection against increasing costs. "We shall continue our efforts in this direction," he said, "while at the same time recognising that priorities have to be balanced between the policyholders and the staff, on both of whom the future prosperity of the Group depends."

The Annual General Meeting of the Norwich Union Life Insurance Society will be held on 15th May 1979 in Norwich.

Copies of the Directors' Report and Group Accounts and the Chairman's full Statement may be obtained from the Norwich Union Insurance Group PO Box 48 Norwich NR1 3TA.

NORWICH UNION INSURANCE

CORAL INDEX: Close 535-540

INSURANCE BASE RATES

† Property Growth	11¼%
† Vanbrugh Guaranteed	10.12%

† Address shown under Insurance and Property Bond Table

Companies and Markets

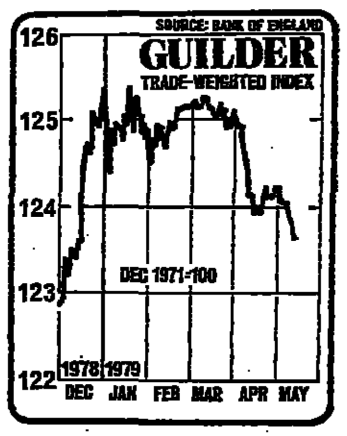
CURRENCIES, MONEY and GOLD

Sterling falls

Sterling fell 1.80 cent to close at $2.0490-2.0500. It opened at $2.0640-2.0650, the best level of the day, but early selling from Continental centres pushed it down quickly to $2.0480-2.0490. The Bank of England probably intervened to steady the decline, which reflected concern about the latest economic figures, and also speculation abroad that the pound may join the European Monetary System in the near future. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 66.4 from 66.7, after standing at 66.3 at noon and 66.4 in early trading.

The dollar's index, on Bank of England figures, rose to 86.0 from 85.7, with the U.S. currency quite firm despite news from Iran of an increase in the price of oil from May 15.

This had a greater impact on the Japanese yen, which lost ground once again to the dollar, closing at Y214.50 compared with Y213.20 previously. Other currencies were also slightly weaker against the dollar. The Canadian dollar fell to 85.98 U.S. cents, but picked up to 86.27½ at the close, compared with 86.17½ on Wednesday.



The Irish punt lost ground against the other members of the EMS, and the dollar, but rose to 97.12p from 96.95p against sterling. It finished at $1.9935, compared with $2.0010, *the first closing level below $2* since the system started in March. The Irish currency fell to BFr 60.60 from BFr 60.66 against the Belgian franc; to FFr 8.7375 from FFr 7567 against the French franc; to DM 3.7840 from DM 3.7945 against the D-mark; to Fl 4.1215 from Fl 4.1220 against the guilder; to L1,689.60 from 1,693.45 against the lira; and to DKr 10.6635 from DKr 10.6695 in terms of the Danish krone.

FRANKFURT—The Bundesbank dollar was fixed at DM 1.8964 against the D-mark, compared with DM 1.8960 previously.

PARIS—The dollar ganied ground against major European currencies, rising to FFr 4.3830 from FFr 4.3725 against the French franc. Sterling fell to FFr 9.0040 from FFr 9.0370, but improved from its morning level of FFr 8.9860. There was some tension in the European Monetary System, on speculation that Britain may intend to join.

NEW YORK—The dollar was above its previous closing levels in early trading, but showed mixed changes from its European levels of a few hours before. In terms of the yen, the U.S. currency improved to Y214.33, from Y212.85 on Wednesday.

TOKYO—The dollar fell to Y212.97½ at the close, from Y214.72½ on Wednesday. At one time in the morning the U.S. currency fell to Y211.65, the lowest level since April 2, but recovered slightly helped by buying for import settlements. The market was described as extremely unsable, with the yen's improvement atributed to remarks by the central bank governor that the yen is undervalued. There was no sign of intervention by the Bank of Japan.

THE POUND SPOT AND FORWARD

May 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0480-2.0650	2.0490-2.0500	0.35-0.25c pm	1.76	0.75-0.65 pm	1.37
Canada	2.3735-2.4000	2.3745-2.3765	0.30-0.20c pm	1.26	0.45-0.35 pm	0.67
Nethlnd.	4.22-4.25½	4.23¼-4.24¼	2½-1½c pm	5.66	5¼-4¼ pm	4.48
Belgium	62.10-62.55	62.25-62.35	25-15c pm	3.85	65-55 pm	3.85
Denmark	10.63-11.00	10.65¼-10.66¾	3½-1¼ ore pm	3.01	5¼-3¼ pm	1.55
Ireland	1.0230-1.0310	1.0259-1.0298	25-35p dis	-3.50	80-90 dis	-3.31
W. Ger.	3.88-3.91	3.88½-3.89½	2¼-1¼pf pm	7.32	6¼-5¼ pm	6.42
Portugal	100.50-101.25	100.85-101.15	50-110c dis	-9.50	150-250 dis	-7.92
Spain	135.35-135.70	135.40-135.50	30 pm-25c dis	0.22	30 pm-70 dis	-0.74
Italy	1,736-1,741	1,736½-1,737½	1¼ lire pm-¼ dis	0.52	1¼ pm-¼ dis	0.17
Norway	10.50-10.64	10.60½-10.61½	4¼-2¼ ore pm	3.68	8¼-6¼ pm	2.88
France	8.97-9.01	8.99-9.00	3-2c pm	3.34	7¼-6¼ pm	3.11
Sweden	9.00-9.04	9.01-9.02	2¼-¾ ore pm	2.33	5¼-3¼ pm	2.11
Japan	437-445	439-440	3.05-2.90y pm	8.12	8.70-7.60 pm	7.24
Austria	28.55-28.65	28.60-28.65	10-10 gro pm	5.29	30-20 pm	3.49
Switz.	3.51-3.54	3.51½-3.52½	3¼-2¼c pm	11.1	10-9 pm	10.80

Belgium rate is for convertible francs. Financial franc 63.60-64.00. Six-month forward dollar 1.25-1.20c pm; 12-month 2.20-2.10c pm.

THE DOLLAR SPOT AND FORWARD

May 10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0480-2.0650	2.0490-2.0500	0.35-0.25c pm	1.76	0.75-0.65 pm	1.37
Ireland†	1.9900-2.0000	1.9925-1.9955	1.10-0.80c pm	5.71	2.50-2.10 pm	4.63
Canada†	85.98-86.20	86.10-86.15	0.07-0.05c pm	0.83	0.13-0.10 pm	0.53
Nethlnd.	2.0665-2.0700	2.0670-2.0690	0.53-0.43c pm	3.80	1.46-1.36 pm	2.73
Belgium	30.33-30.40	30.35-30.40	7-5c pm	2.47	18-16 pm	2.20
Denmark	5.3370-5.3510	5.3490-5.3505	0.85-0.35 ore pm	1.26	1.40-0.90 pm	0.86
W. Ger.	1.8950-1.8985	1.8977-1.8987	0.69-0.59pf pm	3.84	2.49-2.39 pm	3.14
Portugal	48.90-49.30	49.20-49.25	23-48c dis	-8.75	90-140 dis	-9.35
Spain	66.05-66.20	66.10-66.15	15-35c dis	-4.49	20-60 dis	-1.61
Italy	846.50-847.90	847.40-847.60	0.80-1.10 lire dis	-1.34	2.30-2.90 dis	-1.23
Norway	5.1725-5.1785	5.1765-5.1775	0.50-1.00 ore pm	2.26	3.00-2.50 pm	2.13
France	4.3785-4.3845	4.3825-4.3835	0.65-0.55c pm	1.64	2.10-1.90 pm	1.82
Sweden	4.3960-4.3985	4.3975-4.3985	0.50-0.40 ore pm	1.36	1.60-1.40 pm	1.36
Japan	213.40-214.50	214.10-214.30	1.15-1.05y pm	6.19	3.55-3.45 pm	6.53
Austria	13.94¾-13.97¾	13.96½-13.97½	7.40-6.90 gro pm	6.14	26-16 pm	4.58
Switz.	1.7140-1.7195	1.7180-1.7190	1.45-1.35c pm	9.77	4.10-4.00 pm	9.42

† UK, Ireland and Canada are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

May 9	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.617004	0.644073
U.S. $	9½	1.27510	1.33130
Canadian $	11¼	1.47988	1.54244
Austria Sch.	3¾	17.7378	18.5617
Belgian F.	7	38.6419	40.3463
Danish K.	8	6.79310	7.10647
D mark	4	2.41789	2.52414
Guilder	6½	2.62734	2.74314
French Fr.	9½	5.57792	5.8210
Lira	10½	1079.05	1126.61
Yen	4¼	275.933	285.990
Nrwgn. K.	7	6.60183	6.89215
Spanish Pes.	8	84.1873	87.9389
Swedish Kr.	6½	5.60763	5.85218
Swiss Fr.	1	2.18565	2.28158

CURRENCY MOVEMENTS

May 10	Bank of England Index	Morgan Guaranty changes %
Sterling	66.4	-38.0
U.S. dollar	86.0	-7.9
Canadian dollar	81.7	-18.0
Austrian schilling	146.1	+18.9
Belgian franc	112.7	+10.1
Danish kroner	115.7	+4.9
Deutsche Mark	148.4	+41.5
Swiss franc	193.1	+80.6
Guilder	123.6	+19.4
French franc	98.4	-4.9
Lira	54.6	-48.8
Yen	135.1	+53.7

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

May 10	£	$		Note Rates
Argentina Peso	2508-2528	1224-1233	Austria	28¼-29
Australia Dollar	1.8480-1.8580	0.9020-0.9055	Belgium	63¼-64¼
Brazil Cruzeiro	46.72-49.72	22.77-24.26	Denmark	10.90-11.05
Finland Markka	8.2325-8.2435	4.0170-4.0220	France	8.92-9.02
Greek Drachma	75.70-77.515	36.93-37.83	Germany	3.85-3.95
Hong Kong Dollar	10.3725-10.3925	5.0610-5.0710	Italy	1,710-1,740
Iran Rial	149.8-159.8	73-77	Japan	435-450
Kuwait Dinar (KD)	0.564-0.574	0.2772-0.2773	Netherlands	4.20-4.40
Luxembourg Frc.	62.25-62.35	30.39-30.41	Norway	10.35-10.70
Malaysia Dollar	4.5625-4.5685	2.2210-2.2260	Portugal	96-100
New Zealand Dlr.	1.9580-1.9640	0.9555-0.9580	Spain	133.5-136.5
Saudi Arab. Riyal	6.88-6.98	3.3610-3.3820	Switzerland	3.45-3.55
Singapore Dollar	4.5175-4.5285	2.2040-2.2095	United States	2.0525-2.0625
Sth. African Rand	1.74-1.75	0.8490-0.8540	Yugoslavia	42¼-44¼

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 10	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.4582	40.3705	+2.31	+1.77	±1.53
Danish Krone	7.08592	7.11506	+0.41	−0.13	±1.635
German D-mark	2.51064	2.51979	+0.36	−0.18	±1.1325
French Franc	5.79831	5.81797	+0.34	−0.21	±1.35
Dutch Guilder	2.72077	2.74587	+0.92	+0.38	±1.5075
Irish Punt	0.662638	0.664817	+0.33	−0.22	±1.665
Italian Lira	1148.15	1125.87	−1.94	−1.94	±4.0725

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 10.40-10.50 per cent; three months 10.65-10.75 per cent; six months 10.95-11.05 per cent; one year 10.85-10.95 per cent.

May 10	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West-German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11¾-12	10⅛-10⅜	9¼-10½	6¾-7	¼-⅜	5⅛-5⅛	8-9	9½-10½	—	⅛-5⅜
7 day's notice	11¾-12	10¼-10½	9½-10½	6¾-7	⅜-⅝	5⅛-5¼	8-9	10¼-11¼	10⅜-10½	3⅞-4⅛
Month	12⅛-12⅜	10⅝-10⅝	10¾-11⅛	7-7¼	1⅛-1¼	5⅜-5½	8¾-9	11-12	10½-10⅝	4⅛-4⅞
Three months	12¼-12½	10⅞-11⅛	10⅞-11¼	7¼-7½	1⅞-1⅞	5⅞-5⅞	8⅞-9⅛	11½-12½	10⅝-10¾	4⅞-5¼
Six months	12⅝-12⅝	11⅛-11⅛	10⅞-11⅛	7¾-8	2⅜-2⅝	6⅛-6¼	9-9⅜	11¾-12¾	10⅞-11⅛	5¼-5⅞
One year	12⅛-12⅜	11-11¼	10½-10⅞	8⅛-8⅜	2⅞-2⅞	6⅞-6¾	9¼-9¾	12½-13½	10⅞-11⅛	5⅛-6⅛

Long-term Eurodollar deposits: two years 10⅞-10⅞ per cent; three years 10¼-10⅜ per cent; four years 10-10⅜ per cent; five years 10-10⅜ per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

May 10	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.050	3.893	439.5	8.985	3.520	4.240	1737.	2.375	62.30
U.S. Dollar	0.488	1.	1.899	214.4	4.384	1.717	2.069	847.6	1.159	30.40
Deutschemark	0.257	0.527	1.	112.9	2.308	0.904	1.089	446.3	0.610	16.01
Japanese Yen 1,000	2.275	4.665	8.857	1000.	20.44	8.009	9.647	3953.	5.404	141.8
French Franc 10	1.113	2.281	4.332	489.1	10.	3.918	4.719	1934.	2.643	69.34
Swiss Franc	0.284	0.582	1.106	124.9	2.553	1.	1.205	493.5	0.675	17.70
Dutch Guilder	0.236	0.483	0.918	103.7	2.119	0.830	1.	409.7	0.560	14.69
Italian Lira 1,000	0.576	1.180	2.241	253.0	5.172	2.026	2.441	1000.	1.367	35.86
Canadian Dollar	0.421	0.863	1.639	185.1	3.783	1.482	1.785	731.5	1.	26.23
Belgian Franc 100	1.605	3.290	6.248	705.5	14.42	5.650	6.806	2789.	3.812	100.

INTERNATIONAL MONEY MARKET

U.S. market nervous

Conditions in the U.S. were somewhat nervous yesterday ahead of money supply figures due later in the day. Sentiment was further affected by the latest rise in oil prices announced by Iran. Trading tended to remain at a fairly low level although Treasury bills were discounted slightly lower at 9.64 per cent for 13-weeks and 9.62 per cent for 26-weeks. *Federal funds were trading at* 10⅛-10¼ per cent little changed from earlier on.

FRANKFURT—Call money was unchanged at 5.10-5.20 per cent while one-month money rose to 5.50-5.60 per cent from 5.45-5.55 per cent on Wednesday. However the three-month rate eased to 5.80-5.90 per cent *from* 5.85-5.95 per cent as did the six-month rate to 6.10-6.30 per cent from 6.25-6.35 per cent 12-month money was quoted unchanged at 6.80-7.00 per cent.

PARIS—Money rates showed a rather mixed tendency overall after Wednesday's firmer trend. Call money remained at 7 per cent while one-month money rose to 7⅛-7¼ per cent from 7-7⅛ per cent. The three-month rate was also firmer at 7⁷⁄₁₆-7⁹⁄₁₆ per *cent against 7⁵⁄₁₆-7⁷⁄₁₆ per cent but* six-month money eased to 7⅝-7¾ per cent from 7¹¹⁄₁₆-7¹³⁄₁₆ per cent. 12-month money was quoted unchanged at 8⅛-8¼ per cent.

BRUSSELS — Deposit rates for the Belgian franc (commercial) showed little overall change with one-month deposits at 7¾-7⅞ per cent *compared with 7¾-8 per* cent on Wednesday, and three-month deposits unchanged at 8⅛-8¼ per cent. The six-month rate was also static at 8¹³⁄₁₆-8¹⁵⁄₁₆ per cent while 12-month money was quoted at 8¹³⁄₁₆-8¹⁵⁄₁₆ per cent against 8⅞-9 per cent previously.

AMSTERDAM — Interbank money rates showed no clear trend yesterday with call money unchanged at 6⅞-7⅛ per cent and one-month money rising to 7½-7⅝ per cent from 7⅛-7¼ per cent. *The three-month fell however to* 7½-7⅝ per cent from 7⅞-8⅛ per cent while the six-month rate was quoted at 8⅛-8¼ per cent compared with 8⅛-8⅜ per cent on Wednesday.

HONG KONG—Conditions in the money market were easy with call money at 12½ per cent and *overnight business dealt at* 11½ per cent.

UK MONEY MARKET

Rise in interest rates

Bank of England Minimum Lending Rate 12 per cent (since April 5, 1979)

Interest rates rose sharply in the London money market yesterday as the likelihood of any fall in MLR over the next month or so rapidly diminished. Tuesday's banking figures were the prime reason behind yesterday's market gloom with the budget still probably at least a month away. In the interbank market longer-term rates rose to 11⅝-11¾ per cent from 11⅜-11⁹⁄₁₆ per cent for six-month money and 11⅝-11¾ per cent from 11⁷⁄₁₆-11⅝ per cent for one year.

Day-to-day credit remained in short supply, and the authorities relieved the shortage by buying a small amount of Treasury bills and a small number of corporation bills all direct from the discount houses. In addition they lent a small amount to one or two houses at MLR for repayment today. Total assistance was termed as moderate. Discount houses were paying up to 12 per cent for secured call loans at the start with funds available later in the day only between 11¾ per cent and 12 per cent.

The market was faced with a moderate excess of revenue transfers to the Exchequer over Government disbursements, as well as the repayment of Wednesday's moderate market advances. On the other hand there was a small decrease in the note circulation. Overnight interbank money opened at 12¼-12½ per cent *and eased to 11¾-12* per cent before firming to 12¼-12⅜ per cent and closing at 11½-12 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

May 10 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11⅛-12⅜	—	—	—	12⅝	11¾-12	—	—	—
2 days notice	—	—	12-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12¼	12⅛-12¼	—	12½	12½	12	—	—	—
One month	12⅛-12	12¼-12⅜	12-12⅛	12⅝-12⅜	12½	12½	11⅞	11¹⁵⁄₁₆	12⅛-12⅛	12½
Two months	12-11⅞	11⅞-12⅛	—	12-11⅝	12⅝	—	11½	11⅝-11⅞	11⅞-11⅞	12⅝
Three months	11⅞-11⅞	11¾-11⅞	11⅝	11¾	12¼	12¼	11⅝	11⅞	11¾	12¼
Six months	11⅝-11⅞	11⅝-11¾	11⅝-11½	11¼-10⅞	12	—	—	—	11⅞-11¼	12⅛
Nine months	11⅛-11⅜	11⅝-11⅝	—	11⅝-11¼	11¾	—	—	—	—	—
One year	11½-11⅞	11⅝-11⅝	11⅛-11¼	11⅝-11¼	11¾	—	—	—	—	—
Two years	—	—	11¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 11½ per cent; four years 11⅝ per cent; five years 11¾-11⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 11⁷⁄₁₆-11½ per cent; four-month trade bills 12⅛ per cent.

Approximate selling rate for one-month Treasury Bills 11⁷⁄₃₂ per cent; two-month 11⁹⁄₃₂-11⁵⁄₁₆ per cent; three month 11⅝ per cent. Approximate selling rate for one-month bank bills 11¹⁵⁄₁₆-12 per cent; two-month 11²⁹⁄₃₂-11¹⁵⁄₁₆ per cent; and three-month 11⅞ per cent; one-month trade bills 12⅝ per cent; two-month 12¼ per cent; and three-month 12⅛ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from May 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 9-9½ per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 1.0539 per cent.

GOLD

Sharp rise

Speculative buying pushed gold up $4¾, to close at $252-252¾ yesterday. The metal opened at $251-251¾, and touched a high point of $252½-253 in active trading. The krugerrand's *premium over its gold content was*

	May 10	May 9
Gold Bullion (fine ounce)		
Close	$252-252¾ (£122.75-123.1)	$247¼-248 (£119.7-120.0)
Opening	$251-251¾ (£122.25-122.5)	$246¾-247½ (£119.5-119.8)
Morning fixing	$251.70 (£122.760)	$247.00 (£119.446)
Afternoon fixing	$252.25 (£122.809)	$247.95 (£120.151)
Gold Coins, domestically		
Krugerrand	$263½-264½ (£127-129)	$257¼-261¼ (£124¼-125¼)
New Sovereigns	$68½-70½ (£33½-34½)	$68¼-70¼ (£33-34)
Old Sovereigns	$79-81 (£38½-39½)	$78½-80½ (£38-39)
Gold Coins, internationally		
Krugerrand	$259¼-266¼ (£126½-127½)	$254-256 (£123-124)
New Sovereigns	$65-67 (£31½-32½)	$64-66 (£31-32)
Old Sovereigns	$84¼-86¼ (£41-42)	$83¼-85¼ (£40¼-41¼)
$20 Eagles	$387-392	$377-382
$10 Eagles	$210-215	$199-204
$5 Eagles	$150-155	$140-145

4.11 per cent for domestic and international delivery.

In Paris the 12½-kilo gold bar was fixed at FFr 36,500 per kilo ($259.28 per ounce) in the afternoon, *compared with FFr 36,750* ($261.26) in the morning, and FFr 36,800 ($261.65) Wednesday afternoon.

In Frankfurt the 12½-kilo bar was fixed at DM 15,360 per kilo ($251.90 per ounce), compared with DM 15,085 ($247.34) previously.

MONEY RATES

NEW YORK	
Prime Rate	11.75
Fed Funds	10.1875
Treasury Bills (13-week)	9.64
Treasury Bills (26-week)	9.62
GERMANY	
Discount Rate	4
Overnight Rate	5.15
One month	5.55
Three months	5.85
Six months	6.20
FRANCE	
Discount Rate	9.5
Overnight Rate	7
One month	7.1875
Three months	7.50
Six months	7.6875
JAPAN	
Discount Rate	4.25
Call (Unconditional)	5.0625
Bills Discount (three-month)	5.625

Companies and Markets

UK COMPANY NEWS

Low & Bonar hit by UK margins

Though first quarter results for Low and Bonar Group in Canada and Africa are generally satisfactory, margins have been affected in the UK by the haulage dispute. The company cannot yet assess if the total shortfall can be recovered in the remaining months of the current year says Mr. A. J. M. Miller, the chairman.

However the year's performance will benefit from the reorganisation and rationalisation of the group's packaging division in the UK and Canada, he says.

The group has budgeted to invest £7.7m in 1978-79 compared with £6.5m. To cut the financing cost of this programme the company has sold a large part of its investment portfolio, and a £1.5m capital gain is included in the accounts. At November 30 investments amounted to £196,000 (£452,000), valued at or below cost.

On sales of £142.6m (£113.3m) the group, whose interests also include engineering and textiles, improved taxable profit in 1977-78 from £7.1m to £8.66m with growth in all three divisions. The contribution to the performance by the UK/EEC activities rose from 29.1 per cent to 41 per cent, while the Canadian interests accounted for 16.7 per cent (19.4 per cent) and Africa 42.3 per cent, against 51.5 per cent. Exports reached £20.51m compared with £11.94m. As reported with the results on April 3, the net dividend is raised to 12.1605p (10.89p).

Bank borrowings remained substantially unchanged at £13.7m and net liquidity at year end was up £1.8m (down £4.19m).

Bramall well ahead so far

C. D. Bramall has comfortably exceeded the profits for the first three months of last year, Mr. Tony Bramall, chairman, says in his annual review. And he is confident the group will again achieve record results in 1979.

This was despite the backlog of orders after the disruption in the supply of new vehicles following the Ford strike, the transport strike, and the bad weather.

The chairman feels the group will benefit considerably from the Ford plans for an increased share of the market.

The group is actively looking for new companies to acquire which have development potential. In Bradford, £200,000 is being spent on developing a purpose-built car and truck body repair and paint shop on a 2.2-acre site—work is expected to *start in June.*

As reported on April 19, taxable profits increased 25 per cent, from £1.12m to £1.4m, in 1978 on turnover up from £17.66m to £20.18m.

Fixed assets rose from £2.8m to £3.59m, while net current assets were higher at £1.41m (£1.04m). Working capital increased £493,031 (£610,909).

Meeting, Bradford, May 25, noon.

EIS hopeful of picking up

Many difficulties were encountered by Electrical and Industrial Securities in the first quarter of this year. Bad weather caused a significant loss of output in Lancashire and Lincolnshire and manufacturing capacity had to be cut back at Hick Hargreaves.

The setback to profits at Hick Hargreaves cannot be recouped in the first half. Even so, overall the group has satisfactory order books, with £20m of work in hand, and the directors expect all the difficulties to have been overcome by midyear.

Following the success of the C. F. Taylor acquisition during 1978, another purchase is being sought, says Mr. Michael Walters, chairman.

The action taken at Hick Hargreaves, where profits last year slipped from £476,000 to £434,000 on sales of £8.44m (£6.68m) involved about 15 per cent redundancies, mainly voluntary.

The group is maintaining a steady programme of capital investments. In 1978 near £0.75m was sanctioned, mainly for Kontak and the C. F. Taylor companies.

Demand for hydraulic equipment recently improved and the Kontak factory extension should be completed in time to meet the resurgence in this market, says the chairman.

For 1978 pre-tax profit was ahead to £1.82m (£1.41m) on turnover of £21.44m, against £11.58m. Exports jumped from £2.65m to £5.2m and the company finished the year with short-term deposits and cash of £0.66m (£1.57m).

As reported with the results on April 24, the net dividend is raised to 3.293p (2.994p).

Meeting, Connaught Rooms, WC, on June 5 at noon.

Ldn. Intercontinental in profit midway

A profit of £2,353 is reported by London Intercontinental Trust for the six months to March 31, 1979, compared with a loss of £13,194. No interim dividend is declared.

The company says the accumulated losses on the parent company's investments at March 31, 1979, amounted to £497,674, compared with £500,392 at September 30, 1978, and £508,711 at March 31, 1978.

The company's provision for the anticipated loss on a debt outstanding by the hammered stockbroker Mitton, Butler, Priest has been maintained at £175,455.

London Intercontinental says it is still not known when the first distribution will be made by the liquidators.

The latest results are stated after a provision for litigation costs of £14,000 in the six months to March 31, 1978, and £38,936 in the year to September 30, 1979, and a credit for an over-provision of £1,809 in the six months to March 31, 1979.

SHARE STAKES

Burmah Oil—As a result of a purchase on May 1, Kuwait Investment Office is interested in 7,320,000 shares (5.05 per cent).

Lex Service Group — T. E. Chinn, chairman, sold 25,000 shares at 110p on May 2, and 25,000 at 115½p on May 4.

Homfray and Co. — H. J. H. Gillam is now beneficially interested as a trustee in 838,616 shares (5.44 per cent) following a distribution of 120,539 shares to a beneficiary under terms of a family trust.

Expanded Metal Company — R. H. Anderson, director, exercised option under share option scheme on 6,180 shares on May 2. J. B. Close, director, has disposed of 30,000 shares in which he held a non beneficial interest.

OIL AND GAS NEWS

More Sakhalin drillings

A Japan-Soviet oil and gas development project — the Sakhalin Oil Development Co-operation Company — is to conduct four test drillings on the Continental Shelf off north-eastern Sakhalin this year. Sakhalin is a Soviet far east island just off the northern Japanese island of Hokkaido.

The joint development, which started in 1977 under an agreement signed in 1976, has already made five test drillings in the area. Three have struck oil and natural gas deposits. New test drillings are to be made from this month in the area to determine the extent of the deposits and to explore for new oil and gas deposits.

The project will also soon resume test drilling on the Continental Shelf off south western Sakhalin, suspended since last December because of ice. Two test drillings have already been made in the area but both failed to find oil and gas deposits.

Under the 1976 agreement Japan put up $100m (£48m) for the Sakhalin project and will take half of any output. Negotiations are currently under way regarding additional funding for the project.

A Japanese oil company has signed an agreement in Abu Dhabi to add a further 1,580 km to their existing concession in the offshore fields of the Emirate, reports Kathy Bishtawi from Sharjah.

The Abu Dhabi Oil Company (Japan) consists of three Japanese companies — Maruzen Oil, Daikyo Oil and Nippon Mining.

Development plans for the new concession area will involve an investment of $170m (£82m). The area lies to the west of Abu Dhabi in shallow water and was previously held by the Abu Dhabi Marine Areas company.

Under the new agreement, the Japanese company is obliged to spend some $16m over the next five years. In the case that oil is found in commercial quantities, the company has to pay $2m to the Abu Dhabi Government and if production reaches 100,000 barrels a day, the sum of $3m must be paid.

The new concession more than doubles the existing territory held by the Japanese company.

NEM record profit provides for future expansion

I am happy to report that last year, the Group achieved an underwriting success which, together with the addition of increased investment income, produced an excellent overall result. This success has enabled us to further consolidate our insurance funds and free assets and strengthen our statutory solvency margin.

Group Summary of Results	1978 £'000	1977 £'000
General Business Premiums		
Arising in the U.K.	35,247	34,691
Arising elsewhere in the world	47,114	43,601
Long Term Premiums	36,388	29,417
Total	118,749	107,709
Group Underwriting Result	259	(1,697)
Investment Income (Gross)	10,880	8,863
Other Income	410	—
Profit before Tax	11,549	7,166
Profit after Tax	4,588	2,440

In 1978 the Total Assets of the Group reached £313 million. General insurance funds and free reserves were £135 million compared with £126 million in 1977. Members' funds and undisclosed reserves were again strengthened.

The Group produced a surplus before tax of approximately £11.5 million as against £7.1 million in 1977.

UK and Eire

Improved results were produced, although the Property account suffered, principally from the severe winter weather, a high incidence of theft, and under-insurance. The Motor account once again achieved an underwriting surplus. The Liability account maintained its improving trend, producing a satisfactory underwriting surplus. The continued increase in claims due to Noise and Industrial diseases, with origins dating back many years, has necessitated a further prudent strengthening of our outstanding claims reserve.

Overseas Territories

Our Australian business showed an underwriting profit, and a worthwhile contribution to our overall result, as did the performance of our subsidiary and associated companies in South Africa, Trinidad and Nigeria.

Life Assurance

I am pleased to report a continuation of the very satisfactory progress of our principal Subsidiary, National Employers' Life Assurance Company Limited. Record new business was achieved last year with new renewable premiums increasing by over 50% to £9.3 million, while total net premium income for 1978, including considerations for annuities granted, rose by 24% to £35.9 million. There was also a gratifying increase in investment income, from £8.9 million to £10.4 million, and, at the end of the year, the long-term funds had risen from approximately £96 million to over £118 million.

This result would not have been possible without the continued support of our brokers and agents, to whom we are most grateful. Our aim is to improve upon our service to them, and our members, in the year ahead.

M. H. R. King, Chairman

National Employers' Mutual

General Insurance Association Limited

INTERNATIONAL COMPANY NEWS

FORMOSA PLASTICS

Heading for the world lead

BY RICHARD C. HANSON

MR. Y. C. WANG decided there was a future for plastics on Taiwan, and with some Government assistance launched a company named Fu Muh Plastics. That was in 1954. Three years later the company was producing 120 tons a month of polyvinyl chloride (PVC) powder, a raw material for plastics. By the end of this year Mr. Wang's company—renamed Formosa Plastics in 1957—should, with the addition of new capacity, become the largest producer of PVC resin in the world.

The Formosa Plastics group, consisting of 14 companies controlled by Mr. Wang, has become the most important industrial grouping in Taiwan, with revenues amounting to more than 4 per cent of the island's gross national product, and 34,000 employees. Most important for Taiwan, 80 per cent of the group's business lies in exports.

This commitment on the part of the Government (which in effect subsidises the cost of raw materials for the plastics industry) stems from the view that, for Taiwan, the petrochemicals and related downstream industries *have an unlimited future*, despite harsh competition around the world.

Since 1973, Government and private industry have spent about $2bn to develop petrochemicals, spurred by the need to substitute the import of mid-stream petrochemical raw materials made expensive by the oil crisis.

The Formosa group is involved in all phases of the plastics industry and the use of petrochemicals. In 1978, its *operating* revenues rose 38 per cent to over $1bn, while net income before taxes jumped 74 per cent to $114m. Its exports of around $800m go mostly to South-East Asia, Japan, and the Middle East. Last year, Taiwan's total exports came to $12.70bn.

In 1979, operating revenues are expected to be up another 21.3 per cent to $1.3bn and income 25 per cent to $142m, according to the annual report, "with our motto of rationalisation."

The Formosa group is divided into three main companies. The basic producer of feedstocks is Formosa Plastics Corporation, which also includes carbide, fibre processing, machinery and engineering divisions. Nan Ya Plastics uses the raw materials to produce plastic products, *leather, polyester fibres and* filaments. Formosa Chemicals and Fibre makes chemicals, textiles and nylon.

The group has also begun to invest more aggressively abroad. This has become increasingly important as the world market for raw materials and certain products needed to produce plastic goods has tightened with rising oil prices.

Since the end of March, exports of pvc resin have been cut—on government instructions—from 6,000 tons a month to about 2,000 tons. This has caused concern in markets which have depended on Taiwan supplies (closely affected, in particular, is the Middle East).

The shortage of raw materials has also forced decreased production of vinyl chloride monomer (vcm), the material for making thermal plastics, and domestic customers are being supplied on a quota basis. But this situation will ease later in the year when more production capacity is brought on stream, and the need for imported vcm eliminated.

To counter the problem of supplies of raw material overseas, Formosa Plastics produces pvc resin in Puerto Rico; *Nan Ya produces materials in* Indonesia; and Formosa Plastics is investing around $100m in Houston, Texas, in conjunction with Arco Chemical, to produce vcm, and with Alcoa to produce a raw material for vcm, ethylene dichloride.

In the Philippines it is negotiating to establish a venture which would range from cracking naphtha to making final plastics products.

The Taiwanese industry has been shielded somewhat from price increases in oil by the Government-owned Chinese Petroleum Corporation, which makes the price of ethylene (essential in producing pvc and vcm) and chlorine lower than in Japan, for example, but still higher than in the U.S., where supplies are more readily available. There has been, as a result, a gradual shift in supplies of raw materials from Japan to the U.S.—while Japan continues to provide equipment.

Formosa Plastics group will be facing stiff competition from the South Korean industry—which is fully supported by the Government—though for the moment the Japanese industry has lost ground. But the company will remain competitive in its exports around the world, in part because of sweeping improvements in Taiwan's petrochemical sector. It will also continue to benefit from the lower wages which have supported the growth of Taiwan's export industries as a whole.

Attractions of Malaysian plantations

BY WONG SULONG IN KUALA LUMPUR

AFTER THE bloody racial riots in Kuala Lumpur in 1969, many foreign companies sold off their plantations in Malaysia for a song. Their confidence was badly shaken and immovable assets like estates appeared to be bad risks.

Now, 10 years later, brokers and investment consultants are advising clients to buy Malaysian plantation shares. The British plantation giants, Guthrie Corporation and Harrisons and Crosfield stick grimly to their estates and fight tenacious battles to ward off unwelcome Malaysian buyers.

Since the OPEC oil price increases in 1973, which pushed up the price of synthetic rubber, there has been a growing awareness among investors that Malaysian plantation companies represent good medium to long term investments with attractive yields.

Reflecting this enthusiasm, trading in plantation shares on the Kuala Lumpur stock exchange has been strong. A total of 262.4m plantation shares, valued at ringgits 610m, were traded on the KLSE last year, and they represented a 270 per cent and 326 per cent increase respectively in volume and value over 1977. In comparison, industrial shares rose by 156 per cent in volume and 216 per cent in value. The trend is even more pronounced this year.

Big gainers so far this year are Batu Kawan shares (44 per cent increase in value), United Plantations (40 per cent), Malakoff (31 per cent), Consolidated Plantations (27 per cent), Kuala Lumpur Kepong (26 per cent) and Kulim (23 per cent).

There are several reasons for this new interest in plantation stocks. First, there is the current buoyant price for rubber. From an average of 139 Malaysian cents per kilo in 1975, the rubber price has risen steadily to 217 cents last year. Prices dipped in November/December, but soared again to a current level of around 280 cents.

The global prospect for natural rubber has never been so good. Synthetic rubber is no longer a threat, and it will get more expensive because of the sharp price increases of oil feedstocks.

Current palm oil prices have strengthened considerably compared with the past year, although in the longer term they are expected to soften because of the availability and strong competition from other edible oils and fats.

Another attraction is the fact that most plantations are moving, albeit gradually, to cocoa, which is more profitable than either rubber or palm oil, though it takes some years to yield dividends.

A third factor which enhances the attractiveness of Malaysian plantations is land, or the scarcity of it. Under the third Malaysia Plan (1976-80), the Government is opening up 1m acres for agriculture for landless farmers. It is extremely difficult for private companies to get new land for estate development.

Given this situation, existing estate land is going at a premium. Many plantation companies have valued their estates at conservative rates, and large surpluses are expected to be thrown up when they revalue them. Until recently, the general rule is to put a price tag of Ringgit 2,500 for an acre of natural rubber and Ringgit 3,500 for an acre of mature oil palm. But estates have changed hands at Ringgits 4,000 to 4,500 an acre.

Close to towns, several estates have seized the opportunity of going in for housing development.

NORTH AMERICAN NEWS

Better trend to continue in Teledyne earnings

LOS ANGELES—Teledyne does not expect any major changes in its earnings trend for the second quarter from the first quarter, Mr. Henry E. Singleton, the chairman, told a Press conference after the annual meeting, but he declined to make a specific forecast.

In the first quarter Teledyne earned $6.40 per share, up from $3.69 a year earlier.

In last year's second quarter Teledyne earned $5.04 per share.

Asked if the company expects higher earnings for the year, Mr. Singleton said "we don't see any reason that earnings should be lower than last year."

In 1978 Teledyne earned $19.13 per share on sales of $2.44bn.

Some analysts are currently estimating the company's earnings this year at $25 to $28 a share.

Mr. Singleton said Teledyne has no present plans to buy any more stock in Litton Industries. He said Teledyne now owns about 27 per cent of Litton.

Asked when Teledyne might split its stock, he said: "I don't know. Directors have not considered it."

Mr. Singleton also noted that Teledyne has no present plans to buy back its stock.

Commenting on a recent drop in the company's stock over the past several weeks, he said: "The company has done nothing that would have caused the stock to go down."

He said the disclosure in Teledyne's proxy statement for the meeting that Mr. Fayez Sarofim, an investment manager, owns 6.5 per cent of the company's stock was "nothing particularly new."

Mr. Singleton noted that Mr. Sarofim had purchased 150,000 Teledyne shares in 1961 and had advised some funds to buy the stock.

Shareholders approved an amendment to the company's certificate of incorporation under which officers, directors and employees of Teledyne could be indemnified for legal costs involving suits against Teledyne and employees.

Mr. Singleton said there are numerous suits outstanding against the company and its officers.

Reuter

SEC steps into Beatrice dispute

BY STEWART FLEMING IN NEW YORK

BEATRICE FOODS, one of the largest U.S. food producers, disclosed yesterday that the Securities and Exchange Commission believes that the proxy statement it issued for its June 6 annual meeting may be misleading.

This emerged yesterday in the third day of a court hearing in Chicago over a suit brought by a director of Beatrice, alleging that the proxy statement is misleading because it did not disclose details of a boardroom row.

At the hearing, an attorney for Beatrice disclosed that it had been called to a meeting with SEC officials later in the afternoon following a telephone call from the agency about the "advisability of re-issuing proxies." The attorney did not disclose details of the conversation.

The Beatrice Foods attorney added that the SEC official who contacted him said that the agency had "formed a belief that the proxy statement may be misleading."

A boardroom dispute about the leadership of the company has been rumbling for several months. Earlier this year, it led to a board decision to require Mr. R. Wallace Rasmussen to step down as chairman. But Mr. Rasmussen was able to stay on as a director and become chairman of the executive committee.

The suit brought by the director, Mr. King Shwayder, alleges that in the course of the upheavals which led to the replacement of Mr. Rasmussen as chairman by Mr. James Dutt, a successor he apparently favoured, a decision to restructure the board to increase the influence of non-executive or outside directors was overturned. Mr. Shwayder alleges that this should have been disclosed in the proxy statement.

In the course of the court hearings, evidence has been presented that Mr. Rasmussen reneged on his written statement about who would succeed him.

Singer Company makes headway

NEW YORK—Singer Company expects second half operating income to exceed that of a year ago, Mr. Joseph B. Flavin, the chairman and chief executive officer, told the annual meeting, but he reiterated that the 1979 year net is expected to be level with last year's $3.33 a share.

In the 1978 second half the company's operating income was $72.6m.

Mr. Flavin said a major cost reduction plan will be implemented at its Elizabeth, NJ, sewing machine plant. He also said plans to close the Clydebank, Scotland, foundry are on schedule and the labour force reduction there is ahead of schedule.

He said he does not expect the company's power tool business to "get back to as high a growth pattern as it had experienced in 1976 and 1977."

Reuter

THE BECHTEL GROUP OF SAN FRANCISCO

Keeping out of the limelight

BY MAURICE IRVINE IN SAN FRANCISCO

THE BECHTELL GROUP, one of the world's largest engineering and construction outfits (and also one of the most secretive), has done it again. The San Francisco-based group, according to an Engineering News-Record survey—considered the industry standard—once more tops the list of 400 leading contractors in new construction award revenues, with $4.6bn worth of work in 1978.

In spite of its enormous growth and success over the past three decades, the Bechtel Group, which comprises three closely interwoven companies—Bechtel Corporation, Bechtel Incorporated and Bechtel Power—remains one of the lesser-known organisations of the U.S. business community. Operating from a skyscraper overlooking San Francisco Bay, the privately-held group publishes no annual reports, holds all financial data close to its vest, and shrouds its worldwide operations behind a Garboesque veil of reticence.

But there is no doubt that if Bechtel were listed in the Fortune 500, it would rank in the top 25, above Lockheed, Kodak and Coca-Cola. A family business—founder Warren Bechtel began it with a mule team building railroads in the 1890s—Bechtel today has in hand some of the most colossal construction tasks in the world.

"Bechtel Builds," reads the company's curt slogan. It has built the Alaska Pipeline, the San Francisco and Washington DC Metros, the world's largest hydro-electric plant in Labrador, the world's largest copper complex in New Guinea, America's largest nuclear plant (San Onofre, California) and much more, including almost every major energy project in Canada for the last 30 years, and nearly half of America's nuclear power stations.

Bechtel has been in the big league since 1931, when it helped plan and build Hoover Dam, but today, working on some 115 major projects in two dozen countries, it seems on the way to becoming the new General Motors, number 1 in U.S. industry, before the turn of the century.

Patriarch and senior director of this remarkable domain is Mr. Stephen D. Bechtel Sr, still very active in company affairs at 78, and one of the five richest men in the U.S., with a private fortune put at around $700m.

But the reins of the powerful group are firmly in the hands of his son, Stephen D. Bechtel Jr, 53, chairman and chief executive—a lean hard-driving man, who flies a quarter-million miles each year nursing the group's global projects towards completion. Beneath Steve Jr is a tight-knit hierarchy including various Bechtel sons, daughters and other relatives, of 58 top officers who share in profits through stock ownership and receive salaries ranging from $100,000 to the chairman's $540,000-plus.

For all its efforts to stay out of the public eye, Bechtel has come in for considerable attention lately. One reason is the group's custom of hiring former top officials of the U.S. Government—most recently CIA director Richard Helms. Competitors grumbled that Bechtel, in employing the likes of former Treasury Secretary George Shultz and former Health, Education and Welfare chief Caspar Weinberger, was seeking to win favours from Washington. Influence peddling? Certainly not, say Shultz and company. "No way would I have dealings with former colleagues on Bechtel's behalf," says Mr. Shultz. Mr. Weinberger says his contract "forbids any relations with any government agency, federal or state."

As for Mr. Helms, he was hired as a consultant because of his inside knowledge of Iran (he served as U.S. Ambassador in Teheran), says a Bechtel executive. "He could teach our people more ways of doing business there." Rumours—aired in the U.S. media from papers like "Mother Jones" to the august Wall Street Journal—that the group had ties with the CIA, swapping economic and political intelligence with the Agency, are categorically denied.

Such publicity, says Steve Bechtel, Jr, is "very distasteful to us." Worse, it's harmful. Privacy, the group has learnt, is good policy: as a privately-held company Bechtel is not subject to SEC regulation, does not have to file immense financial reports, has not been required to disclose overseas payments, and does not have to answer to public stockholders at annual meetings. Foreign governments like this immunity from federal surveillance, and they like, too, Bechtel's firmly apolitical stance.

Does socialist Algeria want a $168bn pipeline for its state-owned oil and gas industry? Bechtel builds it, and arranges a $67m line of credit for a country noted as a refuge for exiled terrorists. A World Trade Centre, plus a technological-exchange agreement with the Soviets, for Moscow? Bechtel is there.

In fact, some in the construction industry feel the group in recent years has taken on too much in too many parts of the world for even its army of 31,000 workers, including 13,000 engineers, to handle with ease. Embarrassing accidents on BART, San Francisco's subway system, huge cost overruns on other projects and repeated problems at several of the company's nuclear plants, have caused management to seek out weaknesses in the group's organisation and quality-control arrangements.

It was a personal blow to Steve Jr's pride when one power company, angered over failures at its Bechtel-built nuclear plant, sued for $300m and took $13m in an out-of-court settlement.

Such mishaps may be unavoidable in an organisation devoted to tackling immense tasks. In spite of them Bechtel has retained the high regard of its clients and competitors alike, and there is no sign of any slowdown in growth of this quiet giant of the construction world. "It's the industrial growth market of the future," says a California energy official. "And Bechtel has the inside track."

Although still a family business, giving little information to the world at large, Bechtel Group rates high in the list of major U.S. companies. It seems certain to remain a major force in the construction industry of the future

EUROBONDS

Tight terms for C$40m borrowing for Montreal

BY FRANCIS GHILES

A C$40m 10-year bond for the City of Montreal was launched by Crédit Commercial de France yesterday. Final terms include a coupon of 10 per cent with pricing at 99. The bonds will have an average life of 8.52 years.

Initial reaction to these terms suggested they were somewhat tight. Prices of seasoned Canadian dollar issues closed weaker on the day yesterday. Trading was less active than it had been the day before. Shorter-dated bonds have been more eagerly sought as investors' buying appetite has been whetted by the weakening of the Canadian dollar.

In the U.S. dollar sector the $30m 12-year floater for TVO was priced at par with all indicated conditions otherwise unchanged, by the lead manager Credit Suisse First Boston. These terms include interest rate of ¼ per cent over six-month Libor but if Libor drops to 8⅞ per cent at any payment date the bond changes into a 9 per cent straight bond.

An issue for a U.S. company, Pennwalt, is expected very shortly.

In the secondary straight bond market, the price of most seasoned issues weakened during the afternoon after a technical reaction had pushed them up slightly in the course of the morning.

A $50m FRN for the Republic of Panama is expected later this month.

Société Générale meanwhile is redeeming early the $75m FRN it floated in 1976. This issue, which included a maturity of five years and an interest rate of ½ per cent over Libor, was the first FRN not to include a minimum coupon. The redemption date has been fixed as June 29.

In the French franc sector, the FFr 150m eight-year bullet for Euratom, which is being arranged by Société Générale, includes a coupon of 9¾ per cent and a final price of par. It is understood to be going fairly well. Prices of seasoned French franc issues have weakened a little since the beginning of this week.

In the sterling sector, prices of outstanding issues fell back in line with the weakness in the gilt-edged market.

Gloom still pervades the three strong currency sectors of the Eurobond markets. In the Swiss franc sector, prices fell until yesterday when most appeared to steady. Some seasoned issues are currently trading at their lowest levels this year.

Union Bank of Switzerland is understood to have arranged a SWFr 30m private placement for Mitsubishi Gas Chemical. Final terms include a maturity of five years, a coupon of 4¼ per cent and a price of par.

Prices in the domestic Swiss franc bond market have held steady, thanks to the support given by the Swiss National Bank.

A DM 200m offering for the European Investment Bank has been announced by Deutsche Bank. The indicated coupon of this 10-year bullet is 7¼ per cent, and the bonds are expected to be priced between 99¾ and par.

The DM 100m six-year convertible for Seiyu Stores has been priced at par by the lead manager, Westdeutsche Landesbank, after the indicated coupon had been increased by a quarter of a point to 5½ per cent. It was quoted at 95-96 in early trading. Prices in the secondary sector were weaker again yesterday and the volume of trading low.

A Y30bn bond for Norway, arranged by Daiwa Securities, was signed in Tokyo yesterday. Final terms include a maturity of five years and a fixed interest rate of 7.3 per cent. The bonds were priced at 99.60. The Norwegian Government initially wanted to issue Y40bn with a coupon of 7.2 per cent but agreed to reduce the amount and raise the coupon following a rise in Japanese interest rates.

This is the first Yen-denominated bond to be issued by a foreign borrower after the one-month effective closure of the new issue market, and it is expected to be followed by others. The Finnish Electric Power Company, New Zealand and Thailand are all expected to float issues in this sector in the course of the next few weeks.

● Cedel and Euro-clear, the two Eurobond clearing systems, have established a data link with each other to improve information exchanges and settlement of transactions.

Champion International outlook

NEW YORK—Champion International is optimistic in the outlook for the second quarter but less confident about the remainder of the year. Mr. Andrew Siegler, chairman, told the annual meeting yesterday that business was "still good" in all its major divisions and the second quarter was now seen as "very strong."

In the 1978 second quarter, Champion earned $1.15 a share on sales of $895.6m.

Mr. Siegler said the company's business would turn down if the economy falters.

Champion anticipates that the construction industry will fall off before the end of the year, affecting its lumber operations, which is the largest division in sales. The company is keeping lumber inventories low in anticipation, Mr. Siegler declared.

Reuter.

Basic Resources International delisted

NEW YORK—The shares of Basic Resources International SA have been delisted from the Montreal Stock Exchange at the company's request.

The Luxembourg-based petroleum and minerals concern, with offices in New York, said that the delisting occurred after it failed to reach agreement with the Exchange over plans for new financing.

The shares will continue to be traded on the over-the-counter market in New York and will be traded over-the-counter in Canada. The company added that it has called a special meeting of its stockholders in Luxembourg on May 24 to approve the new financing plan. The plan includes a $13.5m rights offering to shareholders and a $13m private placement of new convertible debentures and warrants.

The company said that it has reached an advanced stage in negotiations with a group of major European banks, led by Banque Occidentale pour l'Industrie et le Commerce of Paris, for the underwriting of the rights offering and the private placement of debentures.

AP-DJ

MEDIUM-TERM FINANCING

Debut for Bank of China

HONG KONG—Seven international banks, including Bank of China, will lend a total of $42m to finance the purchase of an office building in Hong Kong, the borrower, Sun Hung Kai Securities, confirmed yesterday.

Bank of China, the foreign financing arm of China, chose the loan to Sun Hung Kai to make its debut as a lender in the world of syndicated loans. It will take equal participation with five other lenders—Bank of America, Bank of Montreal, Dresdner Bank, Kleinwort, Benson (Hong Kong) and Bank of Tokyo—bankers said.

A slightly larger portion of the loan will be picked up by Banque de Paris et des Pays-Bas, whose subsidiary, Paribas Asia, arranged the loan for Sun Hung Kai.

The loan is for four to seven years at an interest rate slightly more than one percentage point above London Eurodollar Interbank rates.

It is believed that the decision by Peking to take a portion of the loan reflects China's desire to show that it wants normal banking relationships with the outside world. It also reflects China's interest in the development of the economy of Hong Kong, from which China derives considerable financial benefit.

AP-DJ

International borrowing declines

PARIS—Overall borrowings on the international capital markets slowed to an annual rate of $96bn in the first quarter of this year, compared with $107.2bn in the last quarter of 1978 and $99.1bn in the third quarter of that year, according to the latest data published by the Organisation for Economic Co-operation and Development (OECD).

Of the total, issues of Eurobonds were running at an annual rate of $18.7bn in the first quarter, against $12.3bn in the last three months of 1978 and $14.3bn in the third quarter.

Foreign issues were floated at an annual rate of $21bn in the first quarter, up from $15.1bn in the last three months of 1978 and $20.6bn in the previous three-month period.

AP-DJ

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on May 10

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
ayer Int. F. XW 7¾ 89	200	83¼	83¾	0	−0¼	9.97
ECA 9¾ 84-99	50	95¼	95¾	0	−0¼	9.88
anada 9 83	400	97⅜	97⅞	0	−0¼	9.90
anada 9¼ 98	350	95½	96¼	+0⅞	0	9.96
omalco Inv. E. 10¼ 91	40	98¾	98⅞	+0⅛	+0⅛	10.44
ow Chem. O/S 9¾ 94	200	97¼	97½	0	0	9.96
IB 9⅜ 98	125	92⅞	93⅜	+0⅛	+0⅛	10.17
IB 9⅞ 85	150	98½	99	0	−0⅛	10.12
IB 9⅞ 99	100	98½	99	0	−0⅛	10.27
xport Dv. Cpn. 9.85 84	150	99⅞	100⅛	0	−0⅛	10.05
xport Dv. Cpn. 9¾ 84	100	97	97½	+0⅛	−0⅛	9.98
ksportfinans 9 86	50	95½	96	0	−0¼	9.82
inland 9½ 88	100	97	97½	+0⅛	−0⅛	10.06
TE Fin. 9½ 84	50	97¾	98¼	0	−0⅛	10.03
ould Int. Fin. 9¾ 85	50	99	99½	0	−0⅛	9.91
ospital O/S 9 83	25	96¾	97¼	−0⅛	−0⅛	9.85
udson Bay Co. 10 94	50	99¾	100¼	+0⅛	−0¼	9.99
al Finance 9⅜ 90	30	92⅝	93⅛	0	−0⅞	10.85
al Finance 10½ 93	40	95⅝	96⅛	0	−0¼	11.02
TT Antilles 9½ 89	75	96½	97	−0⅛	−0½	10.03
C. Penney 8½ 83	100	95½	96	+0¼	−0⅛	9.75
anitoba 9⅛ 89	75	96⅞	97⅜	0	−0⅜	9.96
ew Brunswick 9¾ 94	75	97¼	97¾	0	−0⅛	10.07
ewfoundland 10 94	50	99½	100	+0⅛	0	10.02
orsk Hydro 9⅜ 94	50	94¾	95¼	0	−0⅛	9.90
orway 9¾ 84	150	99¾	100¼	+0⅛	−0¼	10.02
ova Scotia Pwr. 9⅜ 89	50	97	97½	−0½	−0⅝	10.20
ortland 10 84	50	97¼	97¾	0	+0⅛	10.67
edland Fin. XW 9½ 91	25	92½	93	0	−0½	10.59
ears Roebuck 9 82	150	97½	98	−0⅛	−0½	9.94
tockholm 9¾ 94	60	98⅜	98⅞	−0⅛	−0⅛	10.17
weden 9¼ 89	100	98	98½	+0⅛	0	10.03
weden 9½ 86	200	98¼	98¾	+0⅛	+0⅛	10.04
K 8⅞ 93	150	94	94½	0	−0⅛	9.86

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
merican Ex. Int. 5½ 87	70	89⅝	90⅛	0	−1⅞	7.24
rgentina 6½ 88	150	92½	93	+0⅛	+0⅛	7.61
ustralia 6 88	250	90⅝	91⅛	−0⅛	−1¼	7.34
ustria 5¾ 90	150	86⅝	86⅞	+0⅛	−1⅛	7.62
anco Desarrollo 7¼ 86	100	95	95½	+0¼	−0⅞	8.15
ankamerica 5¾ 90	150	88⅝	89½	+0⅛	−0⅛	7.17
arclays O'seas 6¾ 89	100	95⅝	96⅛	+0¼	0	7.33
q. Ext. Algerie 7¼ 85	100	95⅜	95⅞	−0½	−0⅞	8.16
razil 7¼ 87	150	95½	96⅛	0	−1⅛	7.98
ECA 6 88	150	89⅝	90⅛	−0⅛	−1⅛	7.54
ECA 7 91	150	95⅜	96⅛	0	−1⅛	7.52
h. Manhttn. O/S 6 93	100	89⅝	90⅛	−0⅛	−2¼	7.14
openhagen City 6 90	75	88	88¾	−0⅛	−1	7.54
ouncil of Europe 6¾ ...	130	91⅛	91⅝	+0⅛	−1⅛	7.55
enmark 5¾ 85	100	93¾	94	−0⅛	−0⅞	7.14
enmark 6½ 89	100	93⅞	94⅜	−0½	−0⅛	7.34
IB 6 90	380	85⅝	86⅜	−0⅝	−2½	7.90
IB 6½ 91	200	90⅞	91⅝	−0⅛	−2	7.65
lotrobras-Brazil 7 87	100	93⅜	94⅛	0	−1¼	8.11
urofima 6½ 89	100	95	95¼	−0⅛	−1⅛	7.17
inland 6 83	150	96⅝	97⅜	+0⅛	−0⅛	6.77
itachi Ship. 5¾ 83	50	94⅝	94⅞	−0⅛	−1⅛	7.18
ndonesia 7 84	100	94¾	95½	+0⅛	−0½	8.14
egal Fin. 7 89	150	97⅛	97⅞	+0⅛	−0⅛	7.36
ew Zealand 6¾ 87	200	94⅞	95½	+0⅛	−0⅞	7.09
ippon Kokan 7½ 84	100	96¾	97½	−0⅛	−0¼	8.23
ippon Steel 5¾ 85	100	93⅞	94⅝	0	+0⅛	6.90
ippon Tel. & T. 5½ 87	100	86⅝	87½	−0¼	−2½	7.77
ordic Inv. Bk. 6¼ 88	60	94⅝	95⅛	−0⅛	−0¼	7.19
orges Komm. 6⅞ 89	150	91⅞	92⅝	+0⅛	−2⅛	7.43
orway 6⅛ 84	200	99⅜	100⅛	+0¼	0	6.31
ccidental 6¾ 90	150	93⅝	94⅛	−0½	−1⅛	7.54
KB 6½ 88	100	96⅞	97⅜	0	−0⅛	6.89
KB 6 87	40	94⅞	95⅜	−0¼	−1⅛	6.89
etroleo Brazil 7 88	100	93¼	94	−0¼	−1	7.98
tatoil 6 88	150	90⅝	91⅛	+0⅛	−1½	7.40
tatoil 6½ 89	150	95⅜	96⅛	0	−0⅛	7.07
DS Group 5¾ 83	65	94⅞	94⅞	0	−0⅛	7.27
nion Bank-Finn 6½ 88	50	91⅛	92⅛	−0⅛	−1	7.68
enezuela 6½ 90	150	88⅜	89⅞	0	−1	8.03
orld Bank 6¾ 88	400	91⅛	92⅛	−0⅛	−2½	7.48

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
cesa 5¼ 88	40	103¼	103½	−0⅛	−0½	4.79
mer. Exp. Int. 3½ 93	40	94	94½	+0⅛	+0⅛	4.04
sian Dev. Bank 3½ 94	100	85⅞	86⅛	+0⅛	−0⅛	4.85
ustria 3½ 93	100	87¼	88	+0¼	−1⅛	4.88
ustralia 3⅜ 89	250	94⅞	94⅝	0	−0¼	4.32
razil 4¼	100	97	97½	−0⅛	−1⅛	4.67
anada 3⅝ 89	300	94⅛	94⅝	0	−0¼	4.32
hase Manhattan 4 93	70	98⅜	98⅞	+0⅛	−0⅛	4.14
ouncil of Europe 4¼ ...	100	95½	95⅞	−0⅛	−0⅞	4.83
ankamerica 3¾ 93 ...	80	94¾	95	+0½	+0¼	4.23
NDE 5 88	75	101¼	101¾	+0⅛	+1	4.83
enmark 4½ 90	100	100½	100¾	+0⅛	−0¼	4.43
uratom 4⅜ 93	80	93⅛	93⅝	+0⅛	−0½	4.89
L. Smidth 4½ 89	25	97¾	98¼	−0⅛	−0⅛	4.75
inland 4½ 93	80	98⅜	98⅞	+0⅛	−0⅛	4.62
ZB 4½ 93	100	99⅛	99⅝	0	−0⅛	4.57
eron 4⅜ 89	35	94⅛	94⅞	0	+0⅛	4.97
Cl Fin. NV 3½ 94	230	88	88¼	+0⅛	−0⅛	4.62
alaysia 4¼ 90	80	95¼	95⅞	−0⅛	−1½	5.29
ew Zealand 3½ 94	120	88⅝	89	+0⅛	−0⅛	4.58
KB 3½ 91	100	92	92½	−0⅛	−1	4.61
and Ost. Lands 4 90	60	94⅞	94⅝	+0⅛	−0⅛	4.68
hilippines 4¾ 89	50	95	95¾	0	−0⅞	5.40
andvik 4 90	85	95½	96	+0⅛	−0¼	4.48
pain 4 91	100	93⅞	94⅛	+0⅛	+0⅛	4.67
ienna 4 93	100	93⅝	93⅞	0	−0⅛	4.80
orld Bank 4⅞ 93	250	95⅛	95⅝	+0⅛	+0⅞	4.69

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
sian Dev. Bank 5¾ 88	15	86½	87¼	+0⅛	+0⅞	7.78
ustralia 5.8 83	20	93⅛	94¼	0	−0⅛	7.39
ustralia 6½ 88	20	91⅝	92⅝	0	+0¼	7.82
inland 5.6 83	10	92½	93½	0	−0⅛	7.55
inland 6.8 88	10	92⅞	93¼	0	0	8.06

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
ordic I. Bk. 9 84 SDR	20	97¼	97¾	−0⅛	−0⅞	9.88
x. Dev. Cpn. 10 84 C$	50	99⅝	99⅞	0	−0⅛	10.28
udson Bay 10½ 89 C$	60	99½	100⅛	0	0	10.52
uebec 10⅛ 86 C$	50	98⅜	98⅞	0	−0¼	10.53
R. Bk. Canada 10 86 C$	40	98⅜	98⅞	−0⅛	−0⅝	10.28
R. Bk. Canada 10 94 C$	40	96⅛	96⅝	−0¼	−0⅜	10.49
Komm. Inst. 7½ 93 EUA	15	97	98¼	+0¼	−0⅛	7.77
Panama 8⅝ 93 EUA	20	96½	98	0	+0⅛	8.58
SOFTE 8¼ 89 EUA	40	97⅛	98⅝	+0¼	−0⅛	8.61
Algemene Bk. 6¼ 83 Fl	75	95⅛	96⅛	−0⅛	−0¼	7.51
CFE Mexico 7¼ 83 Fl	75	96⅞	97⅝	−0½	−0½	8.54
EIB 7¼ 85 Fl	75	94	94¾	−0⅛	−0⅛	8.41
Ned. Middbk. 8¼ 84 Fl	75	100⅞	101	−0⅛	+0⅛	8.08
New Zealand 6¾ 84 Fl	75	93⅞	94⅜	−0⅛	−0⅛	8.16
Norway 8¼ 84 Fl	100	100¼	101	−0⅛	−0⅛	8.08
Elf Aquitaine 9¾ 88 FFr	150	98⅜	98⅞	0	−0⅛	9.95
EIB 9¾ 86 FFr	200	98½	99	0	−0½	9.94
Norway 9¼ 84 FFr	200	98¾	99¼	−0⅛	−0⅛	9.47
PSA Peugeot 9¾ 87 FFr	175	98½	99	−0⅛	−0½	9.97
Solvay et Cie 9¾ 87 FFr	125	98½	99¼	0	−0⅛	9.96
Total Oil 9⅜ 87 FFr	150	96⅝	97⅜	0	−0⅛	9.93
Unilever 10 85 FFr	100	100¾	101⅛	0	−0⅛	9.76
CECA 9¾ 89 £	20	91¾	92½	−0¼	+0½	10.96
Citicorp 10 93 £	20	91	92	+0¼	+0¼	11.23
EIB 9¾ 88 £	25	94½	95½	0	−0⅛	10.71
Finance For Ind. 13 91 £	15	103¾	104¼	−0⅛	−0¼	12.32
Gen. Elec. Co. 12½ 89 £	50	101¾	102¼	−0⅛	−0½	12.12
Bayer Lux. 8 86 LuxFr	250	96⅝	97⅝	0	−0⅛	8.51
EIB 7⅝ 88 LuxFr	250	96¾	97¾	0	0	8.22
Euratom 8 87 LuxFr	500	99⅝	100⅛	−0⅛	−0¼	8.02
Norway 7¾ 83 LuxFr	250	96⅝	97⅝	0	−0⅛	8.54
Norges Km. 8 86 LuxFr	500	99	100	0	−0⅛	8.08
Oslo, City of 8 89 LuxFr	500	98⅜	99⅛	−0⅛	−0¼	8.17
Solvay Fin. 8 85 LuxFr	500	99	100	−0¼	−0½	8.09
Swedish Bk. 8 88 LuxFr	500	98¾	99¾	−0⅛	−0⅜	8.11

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Arab Intl. Bank M6.5 83	0¼	96¾	97½	31/7	11.44	11.78
BFG Fin. Co. M5.5 89 ...	0¼	98½	99	12/7	12.4	12.56
Banco di Roma M6 87	0¼	98⅜	98⅞	26/10	11.19	11.34
Bco. El Salvador M8 83	1¼	96⅝	97⅛	12/10	12¼	12.65
Bco. Nac. Argnt. 7 86	0¾	97¾	98¼	22/9	11½	11.73
Banco Urquijo 6 86 ...	0¼	97¾	98¼	21/9	11½	11.73
Bank of Tokyo M5½ 93	0¼	98¼	98¾	18/10	11¾	11.94
Bq. E. d'Alg. M8.375 84	0¾	97	97½	9/8	11⅞	12.20
Bq. Ext. d'Alg. M7.5 85	0⅝	95⅛	95⅞	2/11	11⅞	12.43
Bq. Indo et Suez M5½	0¼	99½	100	25/7	12	12.03
Bq. I. Af. Occ. M6.5 83	0¼	98¼	98¾	12/7	12.4	12.59
BNP 5½ 91	0¼	98	98½	22/2	11⅜	11.58
CCCE M5.25 98	0¼	97¾	98¼	3/8	11⅜	11.59
Ch. Man. O/S M5¼ 93	0¼	98⅞	99¼	27/7	11.73	11.84
Citicorp O/S Fin. 6 94	0¼	99½	100	8/6	11.06	11.09
Credit National M5¾ 88	0¼	98½	99	11/7	12.31	12.47
Gotabanken M6 88 ...	0¼	98	98½	15/5	12.31	12.53
Ind. Bk. Japan M5½ 86	0¼	99½	100	1/6	12.35	12.38
LTCB Japan M5¼ 85 ...	0⅞	99⅛	99⅝	9/10	11⅝	11.70
Midland Intl. M5½ 93 ...	0¼	98¾	99¼	20/7	12⅛	12.37
Nipp. Crdt. Bk. M5.5 85	0¼	99½	100	22/6	12.81	12.85
OKB M5¼ 88	0¼	99⅛	99⅝	18/10	11.44	11.49
Offshore Mining 86 ...	0¼	99⅛	99⅝	19/7	12.19	12.26
Petro Mexicano 7¼ 84 ...	0¾	98⅞	99⅜	24/7	12.06	12.17
Privredna Banka M8 86	0⅞	95⅞	96⅝	22/6	13.44	13.98
Standard Chrt. M5.5 90	0¼	98	98½	10/8	11.56	11.77
Sundsvallsbnkn. M6 85	0¼	97½	98	4/10	11.06	11.32
Texas Int. Air. M7 86 ...	0¼	97⅝	98⅛	11/10	11⅛	11.49
Utd. Overs's Bk. M6 89	0¼	97¾	98¼	29/9	11.14	11.36

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Baker Int. Fin. 5½ 93 ...	1/79	34	†114½	115½	0	1.22
Boots 6¼ 93	2/79	2.16	109¼	110¼	−0⅞	−0.28
Ciba-Geigy O/S F. 4 94	8/79	675	95¼	96	−0⅛	−17.34
Coca-Cola Bottling 6¾	4/79	9	90⅞	92¼	0	24.21
Esselte 7¾ 89	9/79	159	96⅜	97⅜	−0¼	8.05
Honda Motor 5½ 89 ...	5/79	532	100⅛	101⅛	−0⅛	−1.45
Ito-Yokado 5¾ 93 ...	6/78	1339	109¾	110¾	+0¼	3.19
Novo Industri 7 89 ...	4/79	259	87⅝	89⅛	0	11.19
Texas Int. Air. 7½ 93 ...	4/79	14.5	89¾	91	−0⅝	16.48
Thorn Int. Fin. 7 88 ...	11/78	3.67	139¼	140¼	−1¼	−0.80
Asahi Optical 3½ DM ...	12/78	588	89¼	90¼	+0⅛	8.17
Casio Cp. 3½ 85 DM ...	11/78	841	87⅝	88⅝	−0⅛	11.68
Fujitsu 5 84 DM	7/79	475	100½	101½	+1⅛	10.50
Izumiya 3½ 86 DM	10/78	989	89¼	90¼	+1¼	−6.63
Jusco 3½ 86 DM	1/79	1154	84½	85½	0	21.13
Kansai Elec. 4 84 DM ...	4/79	1350	88⅛	89⅛	+0⅛	25.62
Konishiroku 3½ 85 DM	1/79	612	88½	89½	+0⅛	13.03
Marudai Food 3½ DM ...	2/79	1033	83¼	84¼	−2⅝	28.97
Murata M. 3½ 85 DM ...	11/78	854	93⅞	95⅛	0	5.94
Nipp. Air. 3.5 88 DM	12/78	508	83⅛	84⅛	−0½	7.33
Nippon Ysn. 3½ 85 DM	1/79	251	113	114	−0⅛	−1.86
Nissan Diesl. 3½ 86 DM	2/79	477	90⅝	91⅝	−0½	6.24
Olymp. Opt. 3½ 85 DM	2/79	703	97⅛	98⅞	+0¼	−1.59
Ricoh 3½ 86 DM	10/78	617	90½	91½	+0½	9.95
Sharp Cpn. 3½ 88 DM ...	2/79	487	93¾	94¾	−0½	7.29
Stanley Elec. 3½ DM ...	11/78	623	85⅞	86⅛	0	28.34
Tokyo Elec. 3½ 87 DM	4/79	476	91⅞	92⅞	+0¼	16.39
Tokyu Ld. Cp. 4 86 DM	4/79	493	87⅝	88⅝	+0⅛	4.16
Trio-Knwd. 3½ 86 DM ...	11/78	711	86⅞	87⅞	+0⅛	15.05

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

SIR RESCUE PROPOSALS

Heavy capital injection by banks

BY PAUL BETTS IN ROME

THE BANKS involved in the complex and controversial rescue of Societa Italiana Resine, SIR, one of the country's major chemical groups, have finally agreed on the formation of a banking consortium to launch the recovery of the troubled chemical company.

After a meeting with the economic ministers of Sig. Giulio Andreotti's caretaker government, the credit institutes reached agreement late on Wednesday on the financial details of the salvage operation, whose overall cost is put at some L1,000bn ($1.2bn).

The banking consortium, whose chairman will be Sig. Pietro Schlesinger, president of Banca Popolare di Milano, will take over all SIR's plants and so far uncompleted investments.

Some L500bn of outstanding credits to SIR are to be converted into risk capital. The banks have also agreed to inject a further L500bn ($590m) of fresh funds. The consortium additionally agreed to set aside some L100bn as a reserve fund in case the cost of the rescue increases beyond present budgets.

While the agreement represents a major step forward in the protracted SIR affair, there are still some outstanding problems over the effective industrial management of the group.

Sig. Nino Rovelli, the controversial chairman of SIR, is understood to be still insisting on having a major voice in the management of the chemical company, and is resisting pressure to step down.

Together with the decision to set up the SIR rescue consortium after months of heated debate, the dispute between the government and magistrates over the Bank of Italy has now been substantially defused.

This follows the decision of Rome magistrates, involved with inquiries into the finances of SIR, to allow Sig. Mario Sarcinelli to be reinstated as deputy director-general of the central bank.

However, Sig. Sarcinelli's reinstatement has only been agreed on condition he does not resume his former responsibilities as head of the central bank's vigilance committee.

Sig. Sarcinelli and Dr. Paolo Baffi, the Bank of Italy governor, have been charged with allegedly failing to notify magistrates about the findings of a central bank inspection into loans granted to SIR by the Sardinian special credit institute, Credito Industriale Sardo.

Both the Bank of Italy officials have vigorously denied the charges.

Brown Boveri retreats into mood of extreme caution

BY ANDREW FISHER IN FRANKFURT

BESET BY steadily rising costs, concern over the future of its Iranian business, and the uncertainty caused by the recent nuclear accident at Harrisburg in the U.S., Brown Boveri, the West German affiliate of the Swiss engineering group, has retreated into a mood of extreme caution.

Turnover and profits both declined last year as labour and material costs outpaced the rise in selling prices, while nuclear power business remained weak at home and subject to stiff price competition abroad.

Total sales slipped from DM3.83bn to DM3.78bn ($1.99bn) of which just under half stemmed from abroad. The company, which is 56 per cent owned by the Swiss Brown Boveri group, blamed the decrease on payment delays on certain contracts, although without the sale of Elektra Bregenz in Austria, there would have been a 1 per cent improvement.

On the profits side, Boveri suffered a slight drop at the parent company net level to DM 43.86m from DM 44.12m, with a steeper slide in group earnings to DM 41.66m from DM 51.81m. It is maintaining its DM 8 dividend.

Assessing the outlook for 1979, Dr. Hans Goehringer, chairman of the management board, said that he expected turnover to exceed the DM 4bn mark, but was more wary of profit predictions. Total costs moved up by 4.9 per cent last year against a rise of only 1.9 per cent in selling prices.

Among Boveri's major worries is the confused situation in Iran, where its total order volume is DM 1.29bn ($680m). Large prepayments have been received, however, the company is covered by Germany's export credit guarantee scheme, and full provision has been made for any likely losses.

Dr. Goehringer estimated the actual risk element to Boveri as representing well under a tenth of its Iranian order total. "We don't see the situation as too alarming," he commented. But the absence, for a time at least, of new business from Iran would mean an even greater scramble by companies for other international orders.

He admitted that "a certain odium" would attach to Brown Boveri as a result of its links with Babcock and Wilcox of New York, the company which provided some of the equipment for the Harrisburg plant in the U.S. where a major nuclear accident recently occurred. But he thought this handicap would eventually be overcome.

Dealing with the latest order position, he reported an increased inflow for the German company in the first quarter, the main thrust coming from standard products, while the bigger industrial plant activities developed more sluggishly. Turnover in the first quarter was 3 per cent higher at DM 667m, mainly due to the recent acquisition of CEAG Licht-und Stromversorgungstechnik.

Dividend increased by Fiat SpA

By Rupert Cornwell in Rome

FIAT SPA is planning to pay an increased dividend of L185 for 1978 on both preferential and ordinary shares. This follows an increase in declared net profit to L74.6bn ($88m) from L63bn in 1977 and L56bn in 1976.

The 1978 payment compares with one of L150 per share for 1977. But on that occasion the group also distributed one preferential share for every 100 previously held.

The final profit outcome is after taking into account depreciation on financial assets of L141bn, the maximum permitted under Italian law. The turnover last year of Fiat SpA reached L4,511bn, while net sales of the entire group climbed to L13,135bn ($15.53bn) from L11,449bn in 1977.

The balance sheet approved by yesterday's Fiat board meeting in Turin is the last to include direct industrial activities. After the recent reorganisation, Fiat SpA is a holding company of a group divided into 11 operating sectors.

In its comments on 1978 operations, the board noted that Fiat continued to strengthen its position in Italy and abroad, with car sales experiencing a return to something like pre-oil crisis levels. However, the commercial vehicle and steel divisions were somewhat stagnant.

The group is also planning to allocate to the extraordinary reserves L7.5bn which, subject to shareholders approval next month, will be used to purchase stock in the company up to that amount. A further L6.5bn is being allocated to cover past losses by Fiat's car subsidiary Lancia.

Higher earnings at Iberduero

BY DAVID GARDNER IN MADRID

IBERDUERO, Spain's largest electrical utility, increased profit by about Pta 1bn to Pta 14.9bn ($226m), last year, increased production by 16 per cent, and accounted for 36.6 per cent of all Spanish energy output. Iberduero retains its position as Spain's most profitable private enterprise.

The figures were released at the recent annual meeting which, understandably, was dominated by the controversy over nuclear power, in which Iberduero has a major financial stake. Work is nearly complete on its first plant at Lemoniz, near Bilbao, and the company plans to build two further nuclear plants at Deva and Ispaster on the Basque coast, and at Savago near the Portuguese frontier, where it has Pta 23bn already invested pending final authorisation from the government.

Iberduero has some Pta 70bn tied up in Lemoniz, with a further Pta 40bn to be invested in its second phase. The first reactor is due to come on-stream next year, but has attracted widespread opposition in the Basque country.

Lemoniz is critical to Iberduero's future. It accounts for a quarter of its fixed assets.

The company's chairman, Sr. Pedro de Areitio, stressed at the annual meeting that Lemoniz was necessary to the Basque economy, which is dependent on imported fossil fuels for 93 per cent of its energy-generating capacity.

He called for prompt parliamentary approval of the National Energy Plan temporarily shelved last year, for a clear definition of the role of the private sector in the development of nuclear power, and for a realistic pricing policy. He claimed that present electricity rates are 73 per cent of their value in 1962.

* * *

Campsa, the Spanish petroleum and petroleum products distribution monopoly, increased 1978 sales by 18 per cent and profits by 16 per cent to Pta 516.8bn ($7.7bn) and Pta 2.1bn ($31m) respectively, writes Robert Graham.

This performance is a considerable improvement on the previous year when results were affected by a cutback in domestic energy demand.

Sales of the group, which is 51 per cent state-owned, were equivalent to 35.1m tonnes. Although this was a 3.2 per cent increase on the previous year, it was still 1.4m tonnes below the volume sold by Campsa in 1976. These sales represent about 82 per cent of national consumption of petroleum products and 52 per cent of the nation's primary energy consumption.

Manufrance to trim 600 from payroll

By Terry Dodsworth in Paris

JUST OVER 600 workers are expected to be trimmed from the payroll of Manufrance, the troubled St. Etienne-based manufacturing and retailing group, as part of the financial rescue plan agreed this week. The reorganisation means that the group will retain a workforce of about 1,950 men.

It is not yet clear how the complex business interests of Manufrance will be reorganised. The company's operations embrace the manufacturing of sewing machines, bicycles and hunting weapons, while on the commercial side it has a mail order house, a stores group and publishes Le Chasseur, a sporting magazine.

The other uncertainty is whether the company will be able to raise an additional FFr 4m of capital to add to the FFr 11m already promised.

The legal authorities who have been presiding over the affairs of the group for the last few months, believe that a capital base of at least FFr 15m will be essential to ensure the future of the group.

Total funds available to the group for its re-launch are expected to be about FFr 80m, in a mixture of equity and loans.

These have been put up by MACIF, a mutual assurance society, SARL Fabis, a mail order company, the Loire Department, the FDES fund for economic development, and a local government loan backed by the St. Etienne municipality.

Lesieur group seeks more acquisitions

By David White in Paris

THE REORGANISED Lesieur group is planning to build up its food interests outside its traditional field of edible oils, in which it dominates the French market.

Hhe group, which increased its consolidated net profit last year by 14 per cent to FFr 93m ($21m), envisages taking over foreign companies in growth consumer sectors as part of its diversification strategy.

After completing a reorganisation of its shareholding structure last year, Lesieur has already embarked on the purchase of a French tinned food producer, William Saurin, and of a 50 per cent stake in a Spanish edible oil company, Salgado.

Lesieur plans overall investments of FFr 180m for the next three years.

Last year, consolidated turnover for the group rose by a bare 2 per cent to FFr 2.88bn ($659m) of which 23 per cent was accounted for by Lesieur's foreign subsidiaries.

Enso-Gutzeit returns to profit and raises payment

BY LANCE KEYWORTH IN HELSINKI

ENSO-GUTZEIT, the state-owned multinational with interests in forestry, engineering and shipping, showed a modest profit in 1978 after two years in deficit. It raised its dividend by 0.5 per cent to 6 per cent.

In its annual report, Enso said that although "there was a definite improvement" compared with 1977, it was still not satisfactory.

The parent company's turnover rose by 15 per cent to FM 2.64bn ($660m) and Enso comfortably held its position as the second largest manufacturing company in Finland. The consolidated net sales of the group rose from FM 2.5bn in 1977 to FM 2.89bn.

The post-tax profit for 1978 was FM 33m ($8.25m) compared with a loss of FM 30m. This was achieved by increasing the liability deficit of the company's pension foundations by FM 50.6m and reduced depreciation by FM 75m.

In spite of a 20 per cent rise to FM 1.58bn in net sales the paper divisions again showed a deficit. The biggest lossmakers were Brown Kraftliner and Sackkraft. The packaging division achieved a good result and profitability improved in the wood products division. The engineering division booked orders worth FM 107m during the year, double the 1977 figure.

Enso's upturn was export-led and the trend is expected to continue. The company expects a growth of about one fifth in net sales in the current year.

● Kemira, the state-owned chemicals company, reports an improvement in profit in 1978 with net earnings of FM 8.2m ($2m). Net sales increased by 21 per cent to FM 1.59bn, and capacity utilisation rose to 80 per cent.

In its preliminary report the company considers its economic result for 1978 to be "satisfactory." It proposes to maintain its usual 6 per cent dividend on a share capital of FM 130m.

Sharp advance in first quarter for SKF

BY VICTOR KAYFETZ IN STOCKHOLM

SKF, the world's largest maker of bearings, reports first quarter sales of SKr 2.73bn ($620m), up [illegible] per cent on the same period of 1978 but only five per cent higher than turnover in October-December.

Pre-tax profit for the first three months of 1979 was SKr 99m ($23m), far better than the SKr 14m recorded for the same period of 1978 but lower than the SKr 109m earned in the 1978 final quarter.

In its recent annual report, SKF predicted a 10-15 per cent sales increase from last year's SKr 9.5bn and said earnings would improve. The group registered a 1978 pre-tax profit of SKr 207m but after currency losses and extraordinary items its profit was only SKr 81m.

First quarter operating income was SKr 195m. This was more than twice the corresponding figure for a year earlier but was down from SKr 199m for October-December 1978.

SKF said that despite the pressure of losses in the UK and among the French companies, operating income for the bearing business—which accounted for 70 per cent of group sales in 1978—improving during January-March this year.

The steel division, which accounted for 14 per cent of 1978 turnover, had moved into the black, while cutting tools also yielded substantial first-quarter profit improvements. Foundry products reached break-even but machine tools showed continued losses.

* * *

BROSTROEM, the Swedish shipping group, predicts in its annual report that 1979 operations will yield a pre-tax loss, but one that is lower than the SKr 227m ($52m) deficit recorded last year.

"Total operating earnings are likely to improve sharply while net financial costs will deteriorate as a result of borrowing for investments." The 1978 operating loss was SKr 80m and net financial costs were SKr 147m. According to the report, extraordinary items in 1979 are likely to end up on the plus side, following last year's net loss of SKr 235m largely due to sales of older vessels at depressed prices.

The group predicts a major turnround for its bulk and tanker operations, which will probably yield an operating profit this year after a big 1978 deficit. Brostroem expects a reduction in its small losses on liner traffic. Passenger traffic may net less, due to rising fuel costs and difficulty in raising prices, while marine services should be more profitable.

The Swedish state last autumn approved an aid package to allow Brostroem to carry out reorganisation plans.

Exceptional gains put Haw Par in profit

HAW PAR Brothers International incurred a pre-tax loss of S$3.93m (US$1.78m) in the year to December 31, 1978, compared with a loss of S$2.34m in 1977.

Tax took S$1.05m against S$2.43m, and minorities and preference dividends S$246,000 against S$537,000 to make a deficit of S$5.22m against S$5.31m, but after adding extraordinary items up from S$2.19m to S$19.29m, the attributable profit was S$14.08m (US$6.39m) compared with a loss of S$3.13m. As for 1977 there was no dividend.

Extraordinary items included a profit of S$36.88m on the sale of long term investments, net foreign exchange losses of S$1.04m, and a deficit on the revaluation of vessels of S$14.4m.

The parent company attributable profit after extraordinary items came to S$8.27m compared with a loss of S$10.96m.

The group pre-tax loss comprised, by division, computer services profit S$0.12m against S$0.09m, insurance loss S$1.16m against profit S$2.02m, marine loss S$9.25m against loss S$11.20m, merchant banking profit S$0.61m against S$0.31m, pharmaceutical loss S$0.30m against loss S$0.37m, pharmaceutical joint companies profit S$3.04m against S$2.77m, property profit S$0.83m against S$1.78m, textiles profit S$1.17m against S$1.01m, and trading loss S$0.13m against profit S$1.72m.

Reuter

Australian banks rally in support of finance house

BY JAMES FORTH IN SYDNEY

AUSTRALIA'S major trading banks are holding talks aimed at working out a support operation for the Bank of Adelaide's finance company offshoot, Finance Corporation of Australia. It had been common knowledge for some time that FCA faced difficulties because about A$80m of its A$500m of loans are tied up in non-income producing property investments.

But the problem has become acute since the collapse of *another finance company*, Associated Securities Ltd (ASL), in which the large industrial group, Ansett Transport Industries, has a 48 per cent interest.

Investor confidence has been damaged by the ASL collapse and FCA debentures have been selling on the share market at yields of 14 per cent and higher. This compares with top interest rates of 10.75 to 11 per cent offered by bank-backed financiers for long-term funds.

FCA has not issued a debenture prospectus since February and to make matters more difficult the New South Wales Corporate Affairs Commission has asked the company to justify its property valuations, as a condition for its registering the next prospectus.

Although FCA directors released a profit statement in February which showed no major new write-downs, it now appears likely that additional provisions will be needed. Without an injection of capital, FCA would run the risk of breaching *its borrowing limitations*, thus precipitating receivership. In the current climate the Bank of Adelaide, which is by far the smallest of the major trading banks—and is also smaller than FCA—would have difficulty in obtaining funds from its own shareholders to pump into FCA.

The banks are therefore considering ways to support FCA until it can trade out of its difficulties, which is expected to take at least two to three years. There are a number of options but the solutions considered most likely are for the banks to pump temporary capital into FCA in the form of redeemable preference shares, carrying a nominal dividend rate. The banks may also provide FCA with additonal standby facilities. These measures would avoid the need for FCA to approach public investors for funds for several months, during which time the company would endeavour to realise some of the problem property assets.

The talks are confined to the other *Australian trading banks*, because the banking system is tightly regulated and foreign banks cannot establish full banking operations. The Federal Government recently established an inquiry body to study the entire Australian financial system, and the question of allowing foreign banks entry is one of the major topics which will be considered.

It is understood that if the Australian banks agree to a support operation for FCA a figure of around A$40m to A$50m would be involved.

NBA increases interim payout

BY OUR SYDNEY CORRESPONDENT

THE NATIONAL Bank of Australasia (NBA) has raised its interim dividend, after a 22.3 per cent incrase in profit, from A$27.56m to A$33.7m (U.S.$36.7m) in the six months to March 31. Major factors in the profit improvement were a good performance by the banking operations and a sharp lift in the result from the property offshoot, NBA Properties.

The National's finance company subsidiary, Custom Credit, has already reported a 12.4 per cent gain in first-half earnings, from A$8.52m to A$9.58m. The National's profit from its banking operations rose 22 per cent, from A$18.59m to A$22.7m.

The interim dividend has been raised from 7 cents a share to 8 cents. Last year the bank paid a final of 8 cents.

The interim payout is well covered by half-yearly earnings of 27.1 cents a share, compared with 22.2 cents for the same period last year.

Pretoria Portland sees growth in lime

By Jim Jones in Johannesburg

PRETORIA Portland Cement (PPC), South Africa's largest cement and lime producer, which is 54 per cent owned by Barlow Rand, has been hurt by the loss of Iranian export markets and depressed domestic demand for cement.

Though turnover, for the six months to March 31, is reported at R63.9m ($75.67m), compared with R59.5m for the comparable six months and R130.8m for 1977-78 as a whole, cement volume sales were substantially lower. On the other hand, demand for lime continued at a high level.

The problem, according to Mr. G. H. Bulterman, the chairman, is that, apart from slack cement demand, the latest round of controlled domestic price increases has taken account only of direct input cost rises over the past year. No allowance has been made for higher plant replacement costs.

As a result, the contribution from cement has fallen to 37 per cent of the reported first-half R6.08m distributable taxed profit from 54 per cent of the 1978 first half's R4.57m.

The contribution from lime rose to 44 per cent from 27 per cent while other investments and activities added an unchanged 19 per cent. Though little improvement is expected in the cement division during the second half, Mr. Bulterman expects the lime division again more than to compensate, and earnings to better last year's distributable profit of 84.1 cents per share excluding investment allowances.

Wesfarmers given go-ahead for takeover

BY OUR SYDNEY CORRESPONDENT

THE Trade Practices Tribunal has cleared the way for Westralian Farmers Co-operative (Wesfarmers) to acquire Western Australia's only fertiliser manufacturer, CSBP Farmers—18 months after the co-operative made its original bid. The tribunal ruled that the public benefits would clearly outweigh the public detriments. The decision also clears the way for Wesfarmers to proceed with its bid for the remaining 50 per cent of Cuming Smith.

Wesfarmers promised in January last year to bid for the remainder of Cuming Smith after wrestling control of the company through a sharemarket raid. However, the offer was conditional on Trade Practices approval and this has been resolved only now. The complex situation began in November, 1977, when Wesfarmers made an A$60m (US$67m) cash bid for CSBP, which is owned as to one-third each by Cuming Smith, British Petroleum Company of Australia, and Westralian Farmers Superphosphate (WFS), a company closely associated with Wesfarmers. Cuming Smith and BP rejected the offer which led to takeover offers for Cuming Smith by Industrial Equity Ltd. (IEL) and by Howard Smith. However, Wesfarmers moved into the market and picked up 50 per cent of the capital.

WFS agreed to sell its one-third in CSBP provided Wesfarmers could demonstrate that it would have control of the fertiliser producer. Wesfarmers then offered to buy out the holders of the remaining 50 per cent of Cuming Smith for A$17m, or A$2.40 a share, which equalled the highest price paid in the market purchases. However, the bid was conditional on approval by the Trade Practices Commission of Wesfarmers obtaining control of CSBP.

Last September, the TPC indicated that it intended to reject authorisation because there would be no public benefit involved. The TPC subsequently reversed this decision after Wesfarmers made some concessions, including the extension of a fertiliser rebate to cover all fertiliser users rather than only Wesfarmers members. A number of parties, including the Farmers' Union of WA, and WA fertiliser distributors then appealed to the Trade Practices tribunal, which has now ruled in favour of Wesfarmers.

The tribunal's approval is dependent upon Wesfarfers giving undertakings as to distributorships, rebates and CSBP's client lists, and on approval by 75 per cent of WFS shareholders to the sale of its CSBP stake to Wesfarmers. Reflecting the uncertainty, Cuming Smith shares are currently priced at A$1.80 a share, or 60 cents below the price promised by Wesfarmers.

WORLD STOCK MARKETS

Oil supply worries pull Wall St. down 4.6

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—56¼% (56¼%)
Effective $2.0495 23¼% (24¼%)

STOCKS DECLINED in moderate trading on Wall Street due to continued worries about the continuity of oil supplies. Iran has threatened to raise the price of crude oil by 60 cents a barrel on May 15 and stockbrokers said were very fearful that the increase might spread to the other oil producing countries.

Mr. James Schlesinger, the U.S. Energy Secretary, said world oil prices had been rising "in what may become a chronically tight market."

Closing prices and market reports were not available for this edition.

In addition, Union Oil Company of California, where tight supplies have already produced a rationing plan, said it was maintaining production from spot market purchases. And it cautioned that such contracts might not be available in the future.

The Dow Jones Industrial Index lost 4.68 at 833.94 and losers led winner two-to-one on volume of 12m shares. Utilities shed 0.17 to 99.39 and Stocks lost 0.91 to 283.58.

Gaming shares and oil issues continued weak. Among the actives, Bally Manufacturing lost $1¾ to $67¾ and Caesars World fell $2¼ to $82¼. But Ramada Inns added $¼ to $9¾.

Exxon eased 25 cents to $50¾, Mobil $¾ to $74¾ and Texaco $¼ to $25¼. British Petroleum slipped 50 cents to $24. It said the rising profit trend continued into the first quarter although total crude oil sales were off 50 per cent excluding sales of its majority-owned Standard Oil Company (Ohio) unit and deliveries to State-owned British National Oil Corporation. Sohio tacked on 25 cents to $49¼.

Smithkline was battered again by an unfavourable report on its ulcer drug, Tagamet, which the company called "without scientific foundation." The stock dropped $4¾ to $78.

Pepsico dropped $¾ to $22¾ and Coca-Cola lost $¾ to $37¼. U.S. health officials warned on Wednesday against allowing young children to drink diet soda because of research linking saccharin with bladder cancer.

American Stock Exchange prices declined in slow trading. The Amex index dropped 0.65 to 176.36 on a volume of 1.59m shares.

Resorts International "A" lost 25 cents to $40¼. Syntex lost $¼ to 33¾ and Houston Oil 25 cents to $17¾.

Autotrain topped the active list rising $1 to $4. It has been benefiting from worries about gasoline supplies.

Canada

Canadian stock markets were mixed in moderate noon trading as the Toronto Composite Index shed 0.8 to 1,454.6, and gains led losses 147 to 124. Metals and Mining lost 3.8 to 1,238.5 and the Oil and Gas Index fell 5.0 to 2,173.4. Yet Golds pointed higher.

Ronalds Federated fell 25 cents to $18¾. The company's directors will not tender their shares to FP Publications nor recommend acceptance or rejection of the bid to shareholders. FP had offered to buy 227,000 Ronalds' shares at $20.50.

Inco lost 25 cents to $24. Sudbury miners vote on a tentative union contract with the company later this week. Transcanada Pipe, the most active issue on $0.680 shares, rose ¾ to $21½. Dome Pete has offered to buy up to 10.6m Transcanada shares at $23. Dome added ¾ to $132¼.

Gold shares were higher as Dome Mines rose $2¼ to $121 while Dickenson Mines at $7¼ and Campbell Red Lake at $41¾ each rose 25 cents.

In Montreal, share prices were fractionally higher in active trading as all indices except Banks posted gains. Yet the gain of the Industrial Index was only 0.08 at 243.21 and the Composite Index rose just 0.07.

Tokyo

Shares closed higher in active trading, led by Steels and Heavy Electricals. The Tokyo Stock Exchange Index closed at 453.38, up 1.50. Kawasaki Steel rose Y4 to Y145, Nippon Steel put on Y2 to Y133, Nippon Kokan rose Y3 to Y113. Hitachi was up Y4 to Y259 and Toshiba advanced Y4 to Y146.

Interest revived in resource shares toward the close, and Nippon Oil rose Y50 to Y1,410 after falling to the day's low of Y1,330. Teikoku Oil, however, fell Y30 to Y725 following the stock exchange measure to tighten margin trading curbs on the share.

Export-orientated issues finished lower reflecting the yen appreciation in Tokyo. Sony fell Y50 to Y2,020. TDK Electronics lost Y60 to Y1,820. Canon slipped Y10 to Y555 and Matsushita Electric shed Y12 to Y720.

Australia

Australian share markets closed steady with prices largely unaffected by the increase in official interest rates. The Bank of Adelaide fell 3 cents to A$1.40, the NSW 2 to A$3.60 and the ANZ 3 to A$4.52. The National closed 2 down at A$2.50 despite announcing a 2.23 per cent increase in interim profit.

BHP closed two cents higher at A$9.52 while CSR rose five to A$3.90, Ansett put on two to A$1.19 and TNT two to A$1.46. Western Mining rose htree cents on the latest nickel price increase and MIM gained four to A$3.37. But Bougainville Copper and Mt. Lyell eased.

Germany

Frankfurt share prices eased after opening firm, and the Commerzbank index plumbed a new low for the year of 763.40.

AEG lost DM 3.70 while Siemens, which announced higher world group consolidated net profit in the half year ending March 31, gained 50 pfennigs to DM 51.7. In Motors, VW lost DM 2.50 at DM 235.5 but BMW was unchanged. Banks were mixed, with Commerzbank gaining 60 pfenigs and Dresdner falling 90 pfennigs. Steels firmed, led by Hoesch which gained DM 1.20 to DM 44.2. Korstadt lost DM 3.8 to DM 316.0 and Kaufhof slipped DM 2 to close at DM 222. Neckermann fell DM 3 to DM 173 and a sizeable fall brought Munchener Ruckversich down by DB 7 to DM 536. In the domestic bond market, public authority issues were also mixed.

Switzerland

Zurich prices tended barely steady in mixed trading. Banks remained neglected and among Financials trading in Intershop slowed after recent heavy turnover and sharp gains. Motor Columbus was slightly easier after falling to a new low for 1979, while Holderbank recouped Wednesday's loss and Interfood put on Frs 40 at Frs 4,690. Winterthur edged higher in Insurances and Zuerich Bearer regained part of its ex-dividend loss. In Industrials Sulzer recouped most of its similar fall following the announcement of a U.S. diesel engine order.

Alusuisse, Swissair, Ciba-Geigy and Brown Boveri closed little changed while Sandoz and Nestle rose slightly.

Milan

Italian stocks showed widespread losses in active trading. Generale Immobiliare, Ciga and Bastogi fell back after recent gains. Immobiliare has confirmed that it is considering selling its stake in Ciga, while Bastogi yesterday unveiled plans for a new foreign shareholder to take an increased stake in its capital. Assicurazioni Generali, Fiat, Montedison and both Olivettis also eased. Pirelli and Company fell, but Pirelli Spa firmed. Short-term issues and floating rate issues firmed in bonds, but fears of an upsurge in inflation depressed longer maturities.

Amsterdam

Share prices closed mostly firmer led by Royal Dutch and Akzo, closing Fl 1.30 and 0.60 cents higher respectively among Dutch Internationals. HVA rose Fl 6.80. Amfas Fl 1.10 and KLM Fl 1. OCE-Van Der Grinten fell Fl 3 while Middenstandsbank and RSV each shed Fl. 1. Ogem fell to Fl 23.50 from Fl 24.20 on Tuesday after being unquoted on Wednesday.

Johannesburg

South African Golds were firm although select shares were off their higher levels for the day in line with bullion prices. Mining Financials were firm and following producers off the high levels. De Beers was 3 cents harder at R8.58. Platinums were quietly firm with Lydplats 3 stronger at R2.03 and Rusplats 2 ahead at R3.05. Coppers were generally unchanged. Industrials were quietly easier. SA Brewery was 1 cent down at 1.61 after the results.

Paris

The French share market was mixed in moderate featureless trading. Oils, Constructions and Chemicals firmed, Banks and Properties were steady and Foods, Motors and Electricals eased. Most other sectors were mixed. Aquitaine was FFr 32 higher at FFr 632 but Peugeot-Citroen fell FFr 5.2 to FFr 361.8 and Club Mediteranée lost FFr 9.9.

Brussels

Belgian share prices were mostly higher in moderate trading.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom. unless otherwise stated, yields based on net dividends plus tax.
♥ Pta 500 denom. unless otherwise stated.
♣ DKr 100 denom. unless otherwise stated.
o SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

NEW YORK

Stock	May 9	May 8
Abbott Labs	31¼	31
AM International	14¼	14½
Adobe Oil & Gas	24	23½
Aetna Life & Ca.	42⅞	42⅞
Air Products	28	27½
Alcan Aluminium	34¾	34½
Alcoa	52⅝	52½
Corning Glass	53⅜	53½
CPC Int'rnation'l	49½	48¾
Crane Co	28¾	29
Crocker Natl	29¼	28½
Crown Zellerb'h.	37	34⅛
Cummins Engine	35½	35½
Curtiss Wright	14½	14
Dana	27½	27½
Johns Manville	24⅛	23⅝
Johnson Johnson	69⅜	69¼
Johnson Control.	27⅝	25¾
Joy Manufacturg	30¾	30⅞
K. Mart	25½	25⅛
Kaiser Alumini'm	20⅛	20
Kaiser Industries	2⅝	2⅝
Kaiser Steel	29⅝	29⅛
Kaneb Services	14½	14⅝
Revlon	45¼	45½
Reynolds Metals	35¼	35½
Reynolds R.J.	57⅝	56⅝
Rich'son Merrell.	22	22
Rockwell Inter.	38⅜	38⅞
Rohm & Haas	37⅜	37
Royal Dutch	69½	69⅛
RTE	10⅛	10⅛
Ross Togs	10	9⅞
William Co.	18	18
Wisconsin Elect.	23⅛	23⅞
Woolworth	26⅛	25⅞
Wyly	6⅛	5⅛
Xerox	57⅞	56⅞
Zapata	16½	16½
Zenith Radio	14⅛	13⅞
U.S. Treas.4%'80	†95⅛	95⅞
USTreas4¼%75/85	†81	81⅛
U.S. 90-day bills.	9.63%	9.64%

GERMANY ◆

May 10	Price DM.	+ or −	Div. %	Yld. %
AEG	51.7	−3.7	—	—
Allianz Versich.	445.0	−2.5	31.2	3.5
BMW	224.2		28.12	6.3
BASF	138.5		18.76	6.8
Bayer	141.5	−0.3	18.75	6.6
Bayer.Hypo	254.0	−2.5	28.12	5.6

TOKYO ¶

May 10	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	540	+1	14	2.1
Canon	555	−10	12	1.1
Casio	765	−5	25	1.6
Chinon	365	+15	20	2.7
Dai NipponPrint	578	−2	18	1.6
Fuji Photo	638	+6	15	1.2
Hitachi	259	+4	12	2.3

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Banks Ltd.	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Julian S. Hodge	13 %
American Express Bk.	12 %	Hongkong & Shanghai	12 %
A P Bank Ltd.	12 %	Industrial Bk. of Scot.	12 %
Henry Ansbacher	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	13 %	Knowsley & Co. Ltd.	13½%
Banco de Bilbao	12 %	Lloyds Bank	12 %
Bank of Credit & Cmce.	12 %	London Mercantile	12 %
Bank of Cyprus	12 %	Edward Manson & Co.	13 %
Bank of N.S.W.	12 %	Midland Bank	12 %
Banque Belge Ltd.	12 %	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Brit. Bank of Mid. East	12 %	P. S. Refson & Co.	12 %
■ Brown Shipley	12 %	Rossminster	12 %
Canada Perm't Trust	12 %	Royal Bk. Canada Tst.	12 %
Cayzer Ltd.	12 %	Schlesinger Limited	12 %
Cedar Holdings	12 %	E. S. Schwab	13 %
■ Charterhouse Japhet	12 %	Security Trust Co. Ltd.	13 %
Choulartons	12 %	Shenley Trust	14 %
C. E. Coates	12 %	Standard Chartered	12 %
Consolidated Credits	12 %	Trade Dev. Bank	12 %
Co-operative Bank	*12 %	Trustee Savings Bank	12 %
Corinthian Secs.	12 %	Twentieth Century Bk.	13 %
Credit Lyonnais	12 %	United Bank of Kuwait	12 %
The Cyprus Popular Bk.	12 %	Whiteaway Laidlaw	12½%
Duncan Lawrie	12 %	Williams & Glyn's	12 %
Eagil Trust	12 %	Yorkshire Bank	12 %
English Transcont.	12 %		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9½%, 1-month deposits 9¾%.
† 7-day deposits on sums of £10,000 and under 9½%, up to £25,000 10% and over £25,000 10½%.
‡ Call deposits over £1,000 9½%.
§ Demand deposits 9½%.

EUROPEAN OPTIONS EXCHANGE

Indices

Financial-Rand U.S.$0.78½ (Discount of 33¼%)

Pig disease crosses Pennines

By Our Commodities Staff

AN OUTBREAK of swine vesicular disease, the first for a fortnight, was confirmed at Heaton Moor, in the Greater Manchester area yesterday by Ministry of Agriculture vets.

This is the 34th confirmed case in the current outbreak which has so far been centred around South Humberside. There have been other cases outside this region, but the Heaton Moor outbreak is some 70 miles away and across the Pennine range.

All the pigs on the newly-infected farm have been slaughtered bringing the total killed so far since the disease first reappeared in Britain in February to 36,000.

The disease, which was unknown in this country until 1972, is incurable. While animals will usually recover without treatment their fattening rate is severely slowed.

The 1972 outbreak was stamped out after five years of slaughterings and the new infections have appeared some 20 months after the country was believed free of the disease.

Aluminium output rise planned

OSLO—Aardal Og Sunndal Verk plans to increase production of aluminium bars to about 400,000 tonnes per year by the second half of the 1980s, Andreas Andersen, director of its metals division, said. Last year the company produced some 300,000 tonnes.

Mr. Andersen said that for the first time since 1974 world stocks of aluminium were back to normal levels—between 1.8m and 1.9m tonnes.

Consumption of aluminium was expected to rise 5 per cent annually over the next five years and some shortage of the metal could be expected in the first half of the 1980s.

EEC sugar exports

BRUSSELS—The EEC Commission yesterday authorised exports of 48,000 tonnes of white sugar at its weekly tenders, commission sources said. This compares with exports of 52,500 tonnes last week.

Silver and platinum at new peaks

BY JOHN EDWARDS, COMMODITIES EDITOR

SILVER and platinum prices rose to peak levels yesterday, but copper unexpectedly fell back after opening strongly. The London bullion market spot quotation for silver was raised at the morning fixing by 15.6p to a record 408p an ounce and prices moved further ahead in later trading to close at over 410p.

The rise was triggered off by the increase in gold, and an upsurge of buying interest in the U.S. overnight. News that Iran was raising its oil price again encouraged the upward trend.

Free market platinum reached a record level in dollar terms of $427.50 an ounce in London. The sterling quotation soared by £7.65 to £208.25 an ounce, but is still below the previous peak of nearly £211 reached in February. Once again the main impetus behind the rise came from the U.S. reflecting increasing concern about the state of the economy and the impact of a cutback in oil supplies.

Copper initially followed the upward trend in precious metals with the three months wirebars quotation reaching £966 at one stage. But the market in New York, and then London, suddenly collapsed in the face of heavy speculative selling. As a result cash wirebars closed £13.5 down at £934.75 a tonne and three months after closing £8.25 lower at £946.75 declined to £936 in late kerb dealings before rallying back to £944.

Further zinc price boost

A GENERAL rise in the European zinc producer price moved a step nearer yesterday when Hoboken of Belgium announced it was putting its price up from $800 to $845 a tonne following the lead set by Vieille Montagne on Monday.

So far other producers have shown some reluctance to move to $845 because of doubts about strength of demand for zinc.

Nevertheless it is known that producers are keen to restore prices to more profitable levels.

However, the International Lead and Zinc Study Group, in its latest report on market trends, noted that world slab zinc production rose by 12.8 per cent in the first quarter of the year to 1,195,000 tonnes as a result of record output in March.

Stocks of refined metal held by producers at end-March were put at 369,000 tonnes, down from 399,000 tonnes at the beginning of the year. But in the U.S., according to the American Bureau of Metal Statistics, zinc stocks held by smelters rose in April to 55,869 short tons, against 50,493 tons at end-March.

Zinc prices were marginally easier on the Metal Exchange yesterday despite Hoboken's increase. Traders now feel that a strike at Cominco's big Trail lead-zinc smelter may well be avoided, since company and union representatives are reported to be close to a tentative agreement.

Irish beef slump affects UK

BY CHRISTOPHER PARKES

THE SEVERE reduction in cattle slaughterings in Ireland is beginning to make itself felt in British markets for beef and hides. Traders blamed the shortage of skins from Ireland for the rapid escalation of hide prices at the Birmingham auction this week.

Export slaughterhouses in the Republic with capacity to handle 44,000 cattle a week are currently processing only 15,000 head. Many have closed and staff have been temporarily laid off.

The reduction in killings has been caused by a combination of a cyclical reduction in beef production, which is also affecting the UK, and farmers holding back stock in protest at the Irish Government's 2 per cent levy on farm output.

Mr. John Corr, managing director of the Irish Meat and Livestock Board, CBF, said, however, that the drop would be only temporary.

He said he expected killings to be up to 30,000 head a week again by September. Overall this year, he claimed, Irish beef exports would be only 10 per cent down on 1978.

The cold weather had slowed grass growth, he said, and many farmers were still waiting for the spring "flush" to allow them to finish their beef cattle which have had a lean winter.

The Irish beef industry had also been badly hit by record exports of calves to other EEC countries in the past few years. Last year 130,000 head of young stock were sent abroad for fattening.

Wholesale prices for Irish hindquarter beef in Britain were 64p a pound in February and have climbed rapidly to more than 70p at present.

A leading British hide dealer said there was widespread fear in the leather industry that if the Irish abattoirs stayed closed for much longer the pressure would be increased on the limited supplies of UK-produced skins.

However, he added, since the rapid surge at the Birmingham sale prices had begun to ease. Some hides withdrawn because bidders were not prepared to pay the top prices had since been sold for 2p or 3p a kilo less.

There had been a fairly strong revival in interest among continental buyers at Birmingham, but they had pulled out as prices soared.

"We still have a very confused picture, and we probably shan't have a clear indication of what is happening until the auctions in Manchester and Leeds next week," he said.

"But for the moment, the high price market appears to have evaporated almost as quickly as it appeared."

● A National Economic Development Council report on footwear has called for tough action to protect the UK industry from unfair overseas competition.

The Council backs processors complaints about "dumped" shoes from developing countries and their appeals for measures to open up world trade in hides again.

Non-EEC countries, the report says, should be granted trade and co-operation agreements with the Community only on condition that European tanners are guaranteed access to their supplies of hides.

Imports of shoes should be allowed only from countries applying working standards laid down by the International Labour Organisation.

Further sanctions could include an EEC import embargo on leather footwear from countries banning finished leather exports.

Inco strike deadline at weekend

By Our Commodities Editor

FALCONBRIDGE, the world's second biggest nickel producer, confirmed yesterday it was raising its price for nickel in line with the increase announced last week by Le Nickel.

This means the cost of melting nickel is going up by 35 cents to $2.85 a pound, electrolytic (plating) nickel to $2.90 and grade one ferronickel to $2.84.

Amax announced earlier this week it was also raising its prices.

International Nickel, the biggest producer, has yet to make up its mind. At the moment the company is more concerned with whether or not the 11,700 workers at its Sudbury complex will ratify the tentative agreement on new labour contracts aimed at ending the eight-month strike there.

Union representatives on the negotiating committee have recommended acceptance of the offer to members. So has Dave Patterson, the militant president of one of the local union branches.

But union stewards are campaigning for workers to reject the terms. Feelings appear to be running high with a fight between two members ending a union meeting at which Mr. Patterson was shouted down.

The result of the ballot is expected by Sunday morning. It was noted that there was a similar situation in 1975 when the stewards opposed the terms of a settlement but it was endorsed by a majority of the workers.

Japan will aid common fund

MANILA — Japanese Prime Minister Masayoshi Ohira said yesterday, Japan was prepared to contribute to the "second window" of the common commodity fund agreed in principle in Geneva in March.

He told the fifth United Nations Conference on Trade and Development (Unctad) Japan's contribution to the fund would be conditional on the fund being established in such a way as to guarantee a large number of participants.

He said Japan was prepared to contribute "an adequate amount" to the second "window," which, it is hoped, will start with a capital of $350m to help poorer countries improve marketing programmes. Reuter

UK AGRICULTURE

Walker inherits an unfinished handful

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

THE MINISTRY of Agriculture has been termed a political graveyard in the past. But latterly several ministers have enhanced their political standing while in that office. Lord Amory went on to become Chancellor. Lord Soames, while upsetting farmers, went on to higher things. More recently John Silkin certainly established himself in the public eye by his very well publicised stance as the consumers' friend and the defender of the British interest in the jungle of the Common Agricultural Policy.

The limits

The National Farmers' Union found him a change from Lord Peart who, in the later stages of his ministry, reminded me of the girl in Oklahoma who "couldn't say no"—neither to the NFU nor to his colleagues in Brussels. It was obviously this quality which had led to his replacement and departure to the Lords. Farmers never liked Mr. Silkin, mainly on ideological grounds: it is probable that even if he had acceded to their wildest demands he would have still been suspect.

On balance, though, he served the industry well. He may have claimed too much credit for retaining the Milk Marketing Board, averaging farmers' incomes for tax purposes, a special pig subsidy and other measures. But he also tried to bring home to farmers the fact that they are now members of the European Community, and that there are limits to the actions of any British minister.

His much criticised attitudes in Brussels were, I believe, more offensive to the committed pro-marketeers in this country, than to his colleagues on the Council of Ministers. On the Council all ministers behave from time to time like spoilt children at a party when they cannot get their own way. Indeed Mr. Silkin's most objectionable feature to some of his critics, was that he always maintained a cool outlook.

Peter Walker has inherited quite a handful of unfinished business. In the Community he has the task of maintaining a price "freeze" on all products in structural surplus. The next meeting on this is not until June 18, but it is difficult to see much give on the subject of milk and sugar. It was believed that Mr. Silkin, had he been returned as minister, would have been allowed to make some concession on grain and allowed a slight rise there.

On milk there is a Commission demand that the co-responsibility levy should hit the large farmer, meaning Dutch and British, and not the smaller German and other European producers. The milk situation is rapidly approaching crisis point with Mr. Finn Gundelach, the EEC Commissioner predicting that the butter "mountain" will reach 500,000 tonnes by the autumn. Mr. Gundelach, supported by a number of Farm Ministers, appears convinced that the milk surplus is primarily caused by the unrestricted use of feed compounds based on manioc and soya meal, and that some way must be found of penalising this form of production. Hence the selectivity in the co-responsibility levy.

Potatoes

The British are at loggerheads with the Commission over potatoes. The European Court ruling that the British ban on main crop imports is illegal has effectively killed the balanced marketing principle maintained by the Potato Marketing Board. In future it can be expected the potato will become highly volatile and subject to import competition at times.

Mr. Walker will undoubtedly be pressed by the NFU to devalue the Green £ further and to redouble the attempt to have a recalculation of the pigmeat monetary compensatory amounts. A combination of the 5 per cent Green £ devaluation and the strength of sterling, has already cut the MCAs on pigmeat and beef quite substantially. Any further cuts, particularly a recalculation, are likely to be strongly resisted by the Danes and Dutch whose pig industries would be put in a state of shock if this should happen. To say nothing of the Irish who are already grumbling about the cut in the beef MCAs.

But the Dutch and Danes are not the only ones with pig industries in trouble. British pig farmers are facing a very dangerous situation at present and an even more hazardous future. Pork prices have been gently falling while feed costs have been rocketing. Even today feed prices do not yet reflect the full extent of the rise in raw material costs. So far bacon is affected most by competition from MCA subsidised imports. But the fresh pork market, which is at present protected from European imports because of disease restrictions, could be attacked, as soon as these restrictions are removed. This could happen within a few months.

It is very possible also that the poultry industry, especially egg producers, could find itself in trouble due to the increase in feed costs, although the MCAs were recalculated in this case.

Family stake

I have emphasised the problems of the livestock sector because it represents 70 per cent of the sales off British farms, as it does in most other EEC countries. The essential difference is that in general Britain's dairy pig and poultry units are large and are getting larger. Those in Europe are remaining on a family scale and have resisted the tendency to enlargement evident on this side of the Channel. In times of stress family units are usually more resilient than large scale operations, particularly in livestock farming.

So Mr. Walker is faced with a Pandora's box of the most complicated issues in the solution of which he will have to follow not the British or even the Conservative lines, but that allowed him by his fellow Ministers in Brussels. Good luck to him.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell away sharply after a hectic day's trading on the London Metal Exchange. After opening firmer at £963 and edging up to £969 prior to the Comex opening, forward metal came under heavy pressure from speculative and stop-loss selling inspired by news that Iran had increased oil prices. This selling depressed the price to the day's low of £935 on the afternoon kerb, although it rallied towards the close to finish at £944. Turnover 21,875 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	957.5-8	+15	934.5-5	—13.5
3 months	964.5-5	+18.5	946.5-7	—8.25
Sett'm,nt	958	+15	—	......
Cathodes				
Cash	948-9	+20	920-3	—18
3 months	958.5-9	+20½	935-8	—10½
Settl'm,nt	949	+20	—	......
U.S. Smt.	—	......	*90-98.25	......

Amalgamated Metal Trading reported that in the morning cash traded at £957, three months £962, 63, 64, 63.5, 64, 62, 62.5, 63, 63.5, 64, 64.5, 65. Cathodes, cash £949, three months £958, 58.5. Kerb: Wirebars, three months £965, 65.5, 66. Afternoon: Wirebars, cash £936, three months £965, 64, 63, 62, 62.5, 62, 61, 60.5, 60, 59, 58, 57, 53, 52, 51, 50, 49, 48, 47, 46, 47, 48, 47, 46.5. Kerb: Wirebars, three months £948, 47, 46, 48, 46, 44, 38, 36, 40, 39, 40, 42, 44.

TIN—Firmer. Chartist and stop-loss buying pushed forward metal up from £7,220 to £7,280 in the morning despite a narrowing of the backwardation owing to talk of fresh arrivals into LME warehouses. In the afternoon the market held steady despite the weakness of copper, with forward metal finally £7,260 on the late kerb. Turnover 985 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7470-80	+70	7455-45	+45
3 months	7300-20	+85	7300-30	+65
Settlem't	7480	+70	—	......
Standard				
Cash	7430-40	+50	7435-45	+65
3 months	7256-60	+95	7255-8	+67.5
Settlem't	7440	+50	—	......
Straits. E.	‡$1980	......	—	......
New York	—	......		......

Morning: Standard, three months £7,280, 70, 50, 60. High Grade, cash £7,470. Kerb: Standard, three months £7,250, 60, 45. Afternoon: Standard, cash £7,440, three months £7,250, 55. Kerb: Standard, three months £7,260, 50, 55, 50.

LEAD — Uncertain. After moving ahead to £543 early on, forward metal fell away in line with copper to close the late kerb at £535. Turnover 7,825 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	576-7	+5	569-70	—4.5
3 months	541.5-2	+7	538-9	+1.25
Sett'ment	577	+5	—	......
U.S. Spot	—	......	*48	......

Morning: Cash £578, 77, three months £542, 44, 43, 42, 42.5, 42. Kerb: Three months £542, 43. Afternoon: Cash £570, early Aug. £540.5, three months £542, 41, 40.5, 41, 40.5, 40, 38. Kerb: Three months £537, 36, 35, 36, 36.75, 37.

ZINC—Lower, reflecting the general trend in other metals. Forward material traded between £398 and £392 before closing the late kerb at £393.5. Turnover 6,025 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	†+or
	£	£	£	£
Cash	384.5	+2.25	382-3	—1.5
3 months	396.5	+1.75	394.5-5	—1
S'ment	384.5	+2	—	......
Prim.west	—	......	*37.5-8.5	......

Morning: Cash £384.5, three months £397, 98, 98.5, 98, 96.5, 96.25. Kerb: Three months £396. Afternoon: Three months £395, 94.5. Kerb: Three months £394.5, 94.

ALUMINIUM—Barely changed in subdued trading with forward metal moving between £766 and £747, reflecting the fluctuations in copper, before closing the late kerb at £752. Turnover 6,675 tonnes.

Alumin'm	a.m. Official	†+or —	p.m. Unofficial	†+or —
	£	£	£	£
Spot	758-9	+1.75	752-3	—2
3 months	763.5-4	+2.5	758-9	—1

Morning: Cash £759, three months £764, 65, 64.5, 64, 65, 64.5, 64, 64.5, 64. Kerb: Three months £763.5, 63, 62. Afternoon: Three months £759, 60, 61, 60, 59. Kerb: Three months £758, 59, 58, 57, 55, 54, 50, 52, 53.

NICKEL—Firmer, continuing to reflect the uncertainty surrounding the strike at Inco's Sudbury Mines. Forward metal opened around £3,145 and eased back to £3,120 in the afternoon before moving ahead following buying from one particular quarter to close the late kerb at £3,180. Turnover 366 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	—	......	—	......
3 months	3135-40	+17.5	3175-80	+52.5

Morning: Three months £3,160, 65, 50, 40. Afternoon: Three months £3,120, 30, 35, 50, 60, 75. Kerb: Three months £3,180.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 8.5p an ounce higher for spot delivery in the London bullion market yesterday at 408.0p. U.S. cent equivalents of the fixing levels were: spot 837.5c, up 9.5c; three-month 857.5c, up 9.5c; six-month 873.7c, up 8.2c; and 12-month 902.9c, up 9.3c. The metal opened at 407½-408½p (834-836c) and closed at 410½-412p (843-846c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. close	+ or —
Spot	408.0p	+15.6	410.15p	+15.8
3 months	419.0p	+16.1	421.5p	+16.5
6 months	428.0p	+16.3	—	......
12 months	444.4p	+17.8	—	......

LME—Turnover 406 (147) lots of 10,000 ozs. Morning: Three months 419.8, 19.5, 19.6, 19.8, 19.7, 20, 19.8, 19.7, 19.5, 19.6, 19.8. Kerbs: Three months 419.7, 19.8, 20, 20.3, 20.5. Afternoon: Three months 422, 21.5, 21.4, 21.7, 21.9, 21.8, 22.5, 22.3, 21.8. Kerbs. Three months 421.5, 21.3, 21.2, 21, 21.5, 22, 22.9, 24.

GRAINS

LONDON FUTURES (GAFTA)—The market was easier again yesterday. Wheat options opened 10p lower and in thin trading saw selling pressure which eased values further to close 20p lower on May and 40-45 down on new crops. Barley saw slightly better trading conditions with a good trade in new crops and values eased on commercial selling to close 20-30 lower.

	WHEAT		BARLEY	
M'nth	Yesterday's close	+ or —	Yesterday's close	+ or —
May	102.30	—0.20	98.45	—0.30
Sept.	93.05	—0.46	87.65	—0.25
Nov.	95.80	—0.45	91.10	—0.20
Jan.	99.25	—0.40	94.50	—0.30
Mar.	102.25	—0.40	97.60	—0.25

Business done—Wheat: May 102.40-102.35, Sept. 93.40-93.00, Nov. 95.90-95.75, Jan. 99.35-99.25, March 102.40-102.30. Sales: 49. Barley: May 98.65-98.50, Sept. 87.65-87.55, Nov. 91.20-91.05, Jan. 94.65-94.50, March 97.75-97.60. Sales: 104.

HGCA—Location ex-farm spot prices: Feed barley: North Lincoln 98.60; Hampshire and W. Sussex 97.40.

The UK monetary coefficient for the week beginning May 14 is expected to decrease to 1.200.

IMPORTED—Wheat: CWRS No 1 13½ per cent unquoted. U.S. Dark Northern Spring No. 2 14 per cent, May-July 89.50. U.S. Hard Winter 13½ per cent, unquoted. EEC, unquoted. Maize: U.S./French, May 111.50, June 112.25 transhipment East Coast. S. African White, unquoted; S. African Yellow, May 78.00 nominal. Barley: English feed, fob May 104.00, June 106.00, Oct.-Dec. 93.50, Jan.-March 98.50, April-June 103.00, transhipment East Coast.

EEC IMPORT LEVIES—The following levies and premiums are effective for May 11 in order of current levy plus June, July and August premiums, with previous in brackets. All in units of account per tonne. Common Wheat: 98.91, rest nil (103.41, 0.94, 0.94, 0.94). Durum Wheat: 158.36, rest nil (159.86, rest nil). Rye: 104.74, rest nil (104.74, rest nil). Barley: 102.02, rest nil (103.64, rest nil). Oats: 100.81, rest nil (102.39, rest nil). Maize (other than hybrid for seeding): 88.71, rest nil (91.60, rest nil). Buckwheat: 0.76, rest nil (2.57, rest nil). Millet: 95.67, 1.13, 1.23, 1.89 (99.21, 0.37, 0.37, nil). Grain Sorghum: 100.58, rest nil (102.20, rest nil). Flour levies (Wheat or Mixed Wheat and Rye Flour): 153.08 (159.38). Rye Flour: 160.41 (161.22).

COCOA

Opening unchanged levels traded over a narrow range throughout the day closing near the highs, reported Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
May	1658.0-45.0	+18.5	1640.0-1639
July	1610.0-11.0	+7.0	1617.0-1603
Sept.	1631.0-32.0	+8.5	1637.0-1625
Dec.	1695.0-94.0	+3.0	1697.0-1689
March	1713.0-14.0	+2.0	1718.0-1708
May	1735.0-55.0	+2.0	1755.0-1750
July	1755.0-58.0	—1.0	—

Sales: 2,222 (2,578) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price May 9 149.99 (148.20); Indicator prices for May 10: 15-day average 149.35 (149.11); 22-day average 148.06 (147.90).

WOOL FUTURES

LONDON GREASY—Close (in order buyer, seller, business, sales). May 215.0, 230.0, nil, nil; July 220.0, 230.0, nil, nil; Oct./Dec./March/May/July/Oct. 222.0, 240.0, nil, nil.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). May 190.0, 197.0, nil, nil; July 198.0, 202.0, nil, nil; Oct. 200.0, 203.0, nil, nil; Dec./March/May/July/Oct. 205.0, 209.0, nil, nil.

SYDNEY GREASY—Close (in order: buyer, seller, business, sales). Microp Contract: May 391.5, 393.0, 392.5-390.0, 17; July 403.0, 403.5, 403.5-402.0, 18; Oct. 406.3, 407.0, 407.0-406.5, 16; Dec. 407.5, 408.5, 408.5-407.0, 26; March 409.0, 409.5, 410.0-408.0, 26; May 410.0, 412.0, 412.0-409.0, 22; July 413.0, 416.0, 415.0-412.0, 15; Oct. 416.0, 418.0, 418.0-418.0, 4. Sales: 144.

COFFEE

Robustas opened £5-10 higher as expected and trade buying soon influenced a further upward movement before heavy resistance prevailed, reported Drexel Burnham Lambert. After a disappointing afternoon prices eased lower towards the close on mixed selling and small scale profit-taking for values to finish £1-£11.5 higher on the day.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1599-1600	+11.0	1606-00
July	1556-1557	+06.0	1570-55
September	1555-1556	+08.0	1571-52
November	1555-1556	+11.5	1569-50
January	1548-1549	+05.0	1560-44
March	1538-1539	+02.5	1539
May	1532-1540	+01.0	—

Sales: 3,255 (2,655) lots of 5 tonnes.

ICO Indicator prices for May 9 (U.S. cents per pound): Colombian Mild Arabicas 156.00 (157.00); unwashed Arabicas 150.50 (same); Robustas ICA 1968 148.50 (same); other Mild Arabicas 150.00 (151.50). Composite daily average 144.78 (144.25).

RUBBER

ABOUT UNCHANGED opening on the London physical market. Eased on lack of interest, closed dull. Lewis and Peat reported the Malaysian godown price was unquoted (277 nominal) cents a kilo (buyer, June).

No. 1 R.S.S.	Yesterday's Close	Previous Close	Business Done
June	59.15-59.20	59.30-59.75	59.45-59.20
July	60.55-60.60	60.50-60.90	60.70-60.50
Jy-Sept.	61.85-61.90	61.70-61.85	61.90-61.70
Oct-Dec	64.10-64.15	64.05-64.10	64.70-64.10
Jan-Mar	66.20-66.25	66.05-66.25	66.65-66.10
Apr-Jne	68.25-68.30	70.15-70.25	68.30
Jy-Sept.	70.30-70.35	70.15-70.25	—
Oct-Dec	72.40-72.45	72.20-72.25	72.60-72.50
Jan-Mar	74.40-74.45	74.20-74.25	74.40

Sales: 32 (12) lots of 5 tonnes; 240 (252) at 15 tonnes.

Physical closing prices (buyer) were: Spot 59.00p (59.25), June 64.25p (same), July 64.25p (64.00).

SOYABEAN MEAL

London market opened steady on weaker sterling and traded firmer on higher cash freight rates with gains of £1.50 reported T. G. Riddick. The market ran into fresh selling and drifted to close fairly steady.

	Yesterday Close	+ or —	Business Done
	£per tonne		
June	122.90-23.0	+1.15	123.80-22.80
August	124.10-24.2	+1.15	124.80-25.00
October	124.10-24.5	+1.10	124.60-24.00
December	124.50-24.6	+0.80	124.80-24.60
February	125.50-25.9	+1.20	—
April	125.50-27.5	+1.00	—
June	126.00-28.5	+0.25	—

Sales: 102 (100) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £100.00 (£98.00) a tonne cif for May-June shipment. White sugar daily price was £105.00 (£104.00).

Prices showed little change in featureless trading conditions, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Close	Business Done
	£ per tonne		
Aug.	105.85-06.00	105.00-05.10	106.25-04.50
Oct.	110.20-10.25	109.30-09.35	110.60-08.95
Dec.	114.25-14.30	113.50-13.55	114.50-13.00
March	119.05-19.10	118.10-18.20	119.55-18.00
May	121.70-21.76	120.80-20.85	121.70-20.50
Aug.	126.25-25.50	124.55-24.60	—
Oct.	128.50-29.25	127.75-28.40	—

Sales: 1,542 (1,278) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £279.50 (same) a tonne for home trade and £168.50 (£167.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port). Price for May 9: 7.97 (8.02): 15-day average 7.78 (7.73).

WHITE SUGAR—Close (in order buyer, seller, business, sales). July 106.30, 106.40, 106.75-105.20, 216; Sept. 110.50, 110.75, 110.75-109.50, 49; Nov. 113.40, 113.60, 113.25, 15; Feb. 120.35, 120.50, 120.50-120.45, 31; April 123.75, 124.00, nil, nil; July 127.25, 128.00, nil, nil; Sept. 130.25, 132.00, nil, nil. Sales: 311.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 10 1979	+ or —	Month ago
Metals			
Aluminium	£710	....	£710
Free Mkt (es)	$1580-1600	....	$1,560/80
Copper			
Cash w'bar	£934.75	—13.5	£1,049.25
3 mth „	£946.75	—8.25	£1,049.25
Cash Cathode	£922.5	—16	£1,046.5
3 mth „	£936.5	—10.25	£1,046.5
Gold troy oz.	$252.375	+4.75	$240.825
Lead cash	£569.5	—4.5	£576
3 mth	£538.5	+12.5	£543.75
Nickel	£2728.75	....	£2,480.58
Freemkt(cif)(lb)	280/310c	....	255/65c
Platin'm'tr'y oz	£171	....	£159
Free mkt	£208.25	+7.65	£188.8
Quicksil'ver	$290/300	....	$255/65
Silver troy oz	408.0p	+15.6	358.15p
3 months	419.0p	+16.1	367.1p
Tin cash	£7,440	+45	£7,400
3 mths	£7,256.5	+67.5	£7,132.5
Tungsten	$135	....	$137.2
Wolfrm 22.04 cif	$139/43	....	$131/35
Zinc cash	£382.5	—1.5	£384.6
3 months	£394.75	....	£395.5
Producers	$800	—1	$800
Oils			
Coconut (Phil)	$1,110	—10	$1,050
Groundnut	‡	....	‡
Linseed Crude	£404	....	£410
Palm Malayan	$660r	+5.5	$674
Seeds			
Copra Philip	$735s	+5	$700
Soyabean (U.S.)	$304v	+3.5	$314.85
Grains			
Barley Futures	£87.55x	—0.25	£87.95
Maize			
French No 3 Am	£111.50	....	£113
Wheat			
No. 1 Red Spg.	‡	....	‡
No2HardWint.	‡	....	‡
Eng. Milling†	£104.5	....	£101.5*
Other commodities			
Cocoa ship't	£1,685.5	+12	£1,617
Future July	£1,610.5	+7	£1,588.5
Coffee F't'r July	£1,556.5	+6	£1,478.5
Cotton A'index	—	....	75.8c
Rubber kilo	59p	—0.25	59.5p
Sugar (Raw)	£100	+2	£97
Wooltp's 64s kl	285p	....	286p

* Nominal. † New crop. ‡ Unquoted. q May-June. r July. s July-Aug. u June. w Sept. x Per ton. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 58.0 to 62.0; Eire hind quarters 77.0 to 80.0; forequarters 38.0 to 41.0.

Veal: Dutch hinds and ends 90.0 to 103.0.

Lamb: English small new season 88.0 to 98.0; Imported frozen NZ PL 51.5 to 52.0; NZ PM 51.0 to 51.0; NZ YLs 50.5 to 51.0.

Hoggets: English 68.0 to 85.0; Scotch 70.0 to 84.0.

Pork: English, under 100 lbs 35.0 to 45.0; 100-120 lbs 35.0 to 43.0; 120-160 lbs 34.0 to 42.0.

MEAT COMMISSION—Average fatstock prices at representative markets on May 10. GB—Cattle 77.69p per kg. l.w. (+1.57). UK—Sheep 197.7p per kg. est. d.c.w. (+2.0). GB—Pigs 61.9p per kg. l.w. (+1.6). England and Wales: Cattle numbers down 5.4 per cent, average price 78.19p (+1.98). Sheep numbers down 3.3 per cent, average price 197.7p (+2.2). Pig numbers up 0.4 per cent, average price 61.9p (+1.6). Scotland: Cattle numbers down 20.2 per cent, average price 75.58p (—0.36).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Israeli: Valencia Lates 4.80-5.80; S. African: Navels 56/150 4.10-4.50; Cyprus: 4.30-4.80; Moroccan: Valencia Lates 56/113 4.20-4.80. Lemons—Italian: 100/120s 5.40-5.50; Spania: Trays 30/40/45 1.80-2.30; S. African: 5.00-5.50. Grapefruit—Cyprus: 3.00-5.00; Israeli: Jaffa 27/88 3.45-4.25; S. African: 30/64 3.00-3.80. Apples—S. African: Dunn's 5.30-6.00, Golden Delicious 7.30-7.50, Starking 7.50-7.80, Granny Smith 6.10-8.70; French: Golden Delicious (20-lb) 72s 2.00-2.30, 84s 2.00-2.20, (jumble pack) per pound 0.08-0.10, Starkrimson (40-lb) 138/175s 5.60-6.20; Italian: Per pound Romes 0.12; Washington: Red Delicious 40-lb 8.50-10.00; New Zealand: Cox's 163/175/198 8.20-8.80; Chilean: Granny Smith per box 163/175 6.00-6.40. Pears—S. African: Cartons Buerre Bosc 6.00-6.20, Packham's 7.80-8.00; Italian: Passacrassane trays 14-lb 2.00-2.20; Dutch: Conference 0.16-0.17; Belgian: 0.14-0.15. Bananas—Jamaican: Per 28-lb 4.20. Grapes—S. African: Cartons, Barlinka 4.40, Golden Hill 5.50. Strawberries—Italian: Approx. ½-lb punnets 0.35-0.37½; Spanish: 0.35. Cherries—Lebanese: Per pound 1.00. Avocados—Israeli: 2.20-3.00; S. African: 2.40-3.60. Onions—Dutch: 3.20-3.50; Chilean: 5.00-5.60; Canary: 5.20-5.40; Israeli: 5.30-5.60. Tomatoes—Canary: 3.60-4.20; Jersey: Per pound 4.80-5.00; Dutch: 4.70-4.80; Guernsey: 4.80-5.20. Cauliflowers—French: 24s 8.50-9.00. Cabbages—Dutch: White, net 6.30-7.00. Potatoes—Egyptian: 50-lb 5.20; Cyprus: 5.40; Jersey: Per pound 0.50; Italian: 6.00; Spanish: Mataros 6.20.

AMERICAN MARKETS

NEW YORK, May 10.

Potatoes (round whites)—Nov. 62.2 bid-62.5 asked (63.5), March 72.0 bid-72.5 asked (73.0), April nil, May 85.5 bid-86.2 asked.

CHICAGO, May 10.

Lard—Chicago loose 26.75 (same). New York prime steam not available.

Live Cattle—June 75.00-74.85 (74.12), Aug. 73.00-73.25 (72.20), Oct. 71.55-71.47, Dec. 71.85-72.00, Jan. 72.32 bid, Feb. 72.70 asked, April 72.95, June 73.60 asked, Aug. 72.00 bid, Oct. 72.25 bid. Sales: 36,104.

Live Hogs—June 47.70-47.90 (47.32), July 47.50-47.80 (47.37), Aug. 44.30-44.25, Oct. 41.00-40.95, Dec. 41.90-41.80, Feb. 41.90 bid, April 40.27 asked, June 42.80 asked, July 43.40. Sales: 6,493.

‡‡Maize—May 265¾-266 (265¼), July 269¾-270¼ (270), Sept. 273, Dec. 274-274½, March 282, May 287-287½.

Plywood—May 198.5 (199.5), July 201.1 (201.6), Sept. 202.0, Nov. 201.0, Jan. 203.8 nom., March 205.0 asked, May 205.0 asked, July 205.0 nom., Sept. 205.0 nom.

Pork Bellies—May 52.70 (53.55), July 52.00-51.75 (52.17), Aug. 49.50-49.35, Feb. 50.75, March 50.25 asked, May 50.80 asked, July 51.40 bid, Aug. 50.20 bid-50.25. Sales: 7,424.

Shell Eggs—May 53.90 (54.25), June 54.45 (54.25), July 58.30, Aug. nil, Sept. 58.30-58.40 bid, Oct. nil, Nov. nil, Dec. 61.95 bid. Sales: 168.

‡Soyabeans—May 721½-722 (716), July 738-739 (732½), Aug. 742½-743, Sept. 727-727½, Nov. 714-715, Jan. 724, March 734½, May 742½.

‖Soyabean Meal — May 189.40 (187.60), July 195.40 (183.60), Aug. 197.20, Sept. 196.50-196.30, Oct. 193.70-193.50, Dec. 194.70-194.50, Jan. 196.00, March 198.80, May 200.00-200.50, July 202.00-203.00.

Soyabean Oil — May 25.95-26.00 (25.68), July 26.30-26.35 (26.07), Aug. 26.40-26.45, Sept. 26.25-26.30, Oct. 25.05-26.00, Dec. 25.70, Jan. 25.70, March 25.70-25.75, May 25.70-25.75, July 25.65.

†Wheat—May 370 (375½), July 363½-363 (367), Sept. 363½-364, Dec. 372, March 379 380, May 379.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

Wednesday's closing prices

Cotton—No. 2: July 62.95-63.05 (62.27), Oct. 64.40 (63.65), Dec. 63.75-63.83, March 64.65 bid-64.74 asked, May 65.50 bid-65.60 asked, July 66.10 bid-66.70 asked, Oct. 66.10 bid.

*Gold—May 250.80 (246.20), June 252.30 (247.70), July 254.30, Aug. 256.90, Oct. 261.60, Dec. 266.30, Feb. 271.00, April 275.70, June 280.40, Aug. 285.10, Oct. 289.90, Dec. 294.70, Feb. 299.50.

Orange Juice—May 104.40 (104.80), July 106.20 (106.50), Sept. 106.50, Nov. 102.20, Jan. 98.75, March 99.30, May 99.80, July 100.30, Sept. 100.40.

†Wheat—May 375½ (365½), July 366½-367½ (357¾), Sept. 366-366½, Dec. 375½-375, March 384, May 384.

WINNIPEG, May 9. §Rye—May 108.40 bid (107.00), July 109.40 bid, Oct. 109.00 bid, Dec. 107.90 bid.

§Barley—May 99.40 asked (97.00-97.10), July 93.50 bid (91.20), Oct. 91.80-92.00, Dec. 91.10 asked, March 90.70 asked.

§Oats—May 88.00 asked (86.80), July 86.40 bid (85.40 bid), Oct. 87.00 asked, Dec. 86.10 asked, March 86.40 bid.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 192.00 (187.30).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, May 10.

U.S. No. 2 Dark Hard Winter wheat, 13.5 per cent, unquoted. U.S. Hard Winter wheat ordinary unquoted. U.S. No. 2 Red Winter wheat June $164, July $162, Aug. $162, Sept. $163. U.S. No. 2 Northern Spring wheat, 14 per cent, May $165, June $166, July $166, Aug. $165, Sept. $166.

Maize—U.S. No. 3 Corn Yellow afloat $133.50, May $134.50, June $134.50, July $135-135.25, July-Sept. $134.50-135-135.50, Oct.-Dec. $136-136.50, Jan.-March $140.50 traded, afloat $134.50, May $135, June $135.50, July-Sept. $136, Oct.-Dec. $137, Jan.-March $141.

Barley—14½ Canadian feed unquoted.

Soyabeans—U.S. Two Yellow Gulfports May $299, June $299, July $299.75, Aug. $300.50, Sept. $299, Oct. $289.50, Nov. $288.50, Dec. $292.50, Jan. $295.50, Feb. $299.50, March $300.50, April $304.50, May $305.50. Brazil unquoted. U.S./Brazil May $297.50, June $298.75. Argentine May $286.75, June-July $283, Aug. $283.50.

Soyameal—U.S. afloat $238, May $236, May-Sept. $237, Nov.-March $240. Brazil pellets afloat $238, May $238, June $241, May-Sept. $240, Nov.-March $251.

PARIS, May 10.

Cocoa (FFr per 100 kilos)—May 1407-1415, July 1418-1444, Sept. 1450-1454, Dec. 1476-1486, March 1495-1514, May 1500-1540. Sales at call 5. Accumulative total 32.

Sugar (FFr per 100 kilos)—July 925-940, Aug. 947-952, Oct. 994-999, Nov. 994-1002, Dec. 1025-1030, March 1055-1065, May 1065-1085, July 1075-1095. Sales at call nil.

INDICES

FINANCIAL TIMES

May 9	May 8	M'nth ago	Year ago
277.27	275.07	275.07	243.44

(Base: July 1, 1952=100)

MOODY'S

May 9	May 8	M'nth ago	Year ago
1064.6	1062.6	1052.4	910.8

(December 31, 1931=100)

DOW JONES

Dow Jones	May 9	May 8	Month ago	Year ago
Spot	392.91	389.80	381.61	357.25
F'tur's	396.54	395.47	383.15	347.14

(Average 1924-25-26=100)

REUTERS

May 10	May 9	M'nth ago	Year ago
1567.9	1568.3	1546.3	1457.5

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Gilts lead fresh setback on economic uncertainties

Equities close above worst after small scrappy selling

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr. 23	May 3	May 4	May 15
May 8	May 17	May 18	May 30
May 21	May 31	June 1	June 12

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets continued to reflect investors' post-election doubts and posted further widespread falls under the lead of British Funds.

Selling was small again, but markets remained unwilling and prices made another poor showing as potential buyers continued to hold back in view of this week's economic pointers to the immediate problems facing the new Tory administration in implementing plans to finance its promised tax cuts.

Taking note of sterling's further setback yesterday, gilt-edged remained weak with sentiment further undermined in the afternoon by the latest Central Government Borrowing Requirement. Selling of £15 paid Exchequer 11 per cent ahead of Monday's £240m call contributed to the all-round softness displayed in falls to ½, after a full point, in the shorts and to 1¼, after 1½, in longer-dated maturities. Bear covering took quotations off the bottom, but the tendency in late inter-office dealings was to lower levels.

The Government Securities index measured the falls with a drop of 0.72 to 73.82 making a three-day loss of 2.09, or 2¾ per cent, from its 13-month high of 75.91 recorded last Friday.

Like gilts, equities went lower from the start on small selling, some of which represented further profit-taking, and selective buying of second-line stocks was less in evidence. As reflected in the FT 30-share index, prices were at the day's lowest, with an index fall of 8.7, at 11 a.m.; a subsequent technical rally looked set to fall towards the close, but was reasserted in the late trade and the close was 532.7 for a net loss of 6.2.

Composite Insurances turned weak in sympathy with the much worse than expected first-quarter figures from Royals and, elsewhere in Financials, interim earnings well below expectations caused marked weakness in Lloyds and Scottish.

South African Golds provided the one major sector to make headway, the Gold Mines index putting on 4.3 to 165.2 on the back of yesterday's sharp rise in the bullion price.

Further offerings of investment currency released by the Hudson's Bay bid situation were easily absorbed by institutions and resulted in narrow movements in the premium which closed a fraction harder at 56½ per cent. Yesterday's SE conversion factor was 0.8118 (0.8048).

A further lessening of demand for Traded options saw a total of 1,042 deals completed compared with Wednesday's 1,125. RTZ attracted most interest, recording 127 trades while Imperial was also lively with 118.

Royals disappoints

A shock setback in Royals first-quarter profits because of heavy underwriting losses announced brought widespread dullness to Composite Insurances. Royals fell away to 390p on the figures before closing 22 down on balance at 400p, while reactions of between 10 and 20 were recorded in GRE, 274p, General Accident, 252p, and Sun Alliance, 650p. Commercial Union, which report first-quarter results next Tuesday, closed 7 off at 174p, as did Eagle Star, at 176p, while Phoenix gave up 8 to 276p.

The banking sector regained some composure after the previous day's falls which followed Standard Chartered's surprise £78m fund-raising call. Standard picked up 3 to 519p, while NatWest, at 380p, retrieved 5 of Wednesday's loss of 17. Reflecting dull gilts, Union Discount lost 18 to 390p. Merchant banks encountered renewed profit-taking as Hill Samuel Warrants fell 50 more to 575p and Hambros relinquished 5 to 313p. Lloyds and Scottish stood out among Hire Purchases with a fall of 15 to 127p, after 124p, following reduced interim earnings; Wagon Finance declined 3 to 50p in sympathy.

Davenports interim profits downturn disappointed and the shares fell 15 to 117p. Fuller, Smith and Turner continued firm in a narrow market, rising 15 for a two-day gain of 35 at 375p.

Most building issues sustained moderate falls, but among the few firm spots, Mallinson-Denny added 2 to 61½p on further consideration of the annual results and Brown and Jackson revived with a jump of 20 to 620p in a thin market. Reflecting demand that developed late on Wednesday, Rush and Tompkins added 10 to 152p.

Business in ICI was uninspiring and the price slipped 5 to 395p, after 394p, but Fisons attracted occasional late inquiries and firmed 6 to 296p.

Fraser better

House of Fraser moved against the dull trend evident elsewhere in Stores, rising 3 to 195p on speculative buying fuelled by suggestions that now Lonrho has a 29.9 per cent stake in the group following its successful acquisition of Scottish and Universal Investments, a bid for Fraser may be in the offing. Milletts Leisure also contrasted with a rise of 8 to a 1979 peak of 172p in response to the sharp increase in annual earnings.

The Electrical leaders rallied after a dull start and final quotations were only a shade lower on balance. GEC fell away to 429p before settling at 436p for a fall of only a penny, while Thorn ended 4 down at 472p, after 468p. Apart from Brocks, which fell 12 to 152p, losses in secondary issues were fairly modest. By way of contrast, Newman Industries responded to the preliminary results with a rise of 2 to 96p.

Engineering leaders passed a rather subdued trading session. Scattered offerings left John Brown 12 cheaper at 573p, while Hawker, 248p, and GKN, 291p, gave up 6 and 4 respectively. Interest in secondary issues was at a low ebb, but APV continued to attract support and put on 5 further to 237p, while R. Cartwright were also wanted and improved a similar amount to 107p. Deritend hardened 2 to 159p.

Cartiers featured Foods with a fall of 14 to 127p on annual profits that failed to match expectations. Comment on the annual results left J. Sainsbury a further 7 easier at 338p, after 335p but, awaiting the dividend announcement, Culleus issues attracted increased support and added 4 apiece to 152p and 148p respectively. RHM, at 48½p, recouped an earlier fall of a penny, and AB Foods hardened that much to 77p on the news that the Price Commission had allowed interim increases in the price of bread. The chairman's confident remarks at the annual general meeting prompted a gain of 5 to 410p in J. Bibby, but late offerings clipped 8 from Rowntree Mackintosh at 442p.

Dull conditions prevailed in the miscellaneous industrial leaders, but closing levels were up to 5 above the day's lowest with Beecham closing 7 off at 700p, after 695p, and Glaxo 6 down at 492p, after 487p. Boots dipped 6 to 220p. Elsewhere, Marshalls Universal gave up 8 to 152p following the results and capital proposals, while uninspiring preliminary statements prompted falls of 3 and 4 respectively in Sandhurst Marketing, 51p, and Holt Lloyd International, 185p. Still reflecting poor results, Lesney Products relinquished 2 more to 58p, after 57p, while profit-taking resulted in a fall of 15 to 375p in Centreway and a loss of 13 to 473p in ICL. Extel gave up 8 to 174p and Vinten 9 to 146p, while further consideration of the second-half setback left LK Industrial 4 down at 38p. By way of contrast, H. C. Slingsby gained 5 to 56p following the trebled annual profits and Relyon PBWS advanced 4 to 105p on revived speculative interest.

Among Motor Distributors, Appleyard fell 6 to 97p after the chairman expressed concern over profit margins. Arlington, 128p, and Caffyns, 128p, gave up 5 and 4 respectively.

Major Newspapers again drifted lower in a small business. Daily Mail "A" fell 7 to 466p and International Thomson relinquished 10 at 404p. BPM "A" shed 4 to 78p, but Pearson Longman provided an exception, adding 5 at 365p following late buying. Elsewhere, printing ink manufacturers Usher-Walker fell to 65p on the halved full-year profits before settling for a net loss of 2 at 67p, while the half-time profits standstill left Associated Paper a penny cheaper at 56½p.

Marked lower at the outset, Properties attempted a mid-session rally but subsequently slipped back on lack of sustained support. Land Securities gave up 7 to 304p and MEPC 4 to 200p. Speculative issues remained vulnerable to occasional offerings and Bernard Sunley relinquished 10 more to 377p. Trading statements prompted contrasting movements in Berkeley Hambro and Warner Estate, the former firming 4 to 202p and the latter shedding 7 to 230p.

The Oil leaders continued on a downward path. Despite the chairman's encouraging statement on first-quarter trading and the plans to make a scrip issue in the late autumn, British Petroleum closed 8 cheaper at 1178p. Shell gave up 12 to 788p.

Following the success of the bid for Scottish and Universal, Lonrho eased 3 for a two-day fall of 7 at 76p.

Press comment highlighting bid possibilities prompted a brisk interest in Furness Withy which gained 17 to 298p, and injected life into stockholders Scottish Cities "A" and Scottish and Mercantile "A" which, in thin markets, added 8 to 198p and 11 to 120p respectively. Other Shipping issues also benefited. Graig "A", in a thin market, advanced 20 to 230p and Manchester Liners added 10 to 240p, while Lyle "A" firmed 3 to 154p and Milford Docks a penny to 178p, after 180p.

Golds advance

After pausing for breath on Wednesday, South African Golds resumed their upward path yesterday. Prices moved ahead from the outset following substantial Continental and American buying fuelled by the $4.75 improvement in the bullion price to $252.375 an ounce. Also aiding the strength of UK share prices was the firmness of the Financial Rand.

The Gold Mines index advanced 4.3 to 165.2 while the ex premium index rose 4.6 to 134.1.

Among heavyweights, Randfontein regained all of the previous day's fall which followed the chairman's forecast of a conservative dividend policy and closed £1½ higher at £28½.

In the medium and lower-priced issues, new highs for 1979 were registered by Kloof, 28 better at 720p, Libanon, 14 firmer at 603p, and South African Land, 4 up at 90p.

South African Financials generally made good progress in line with Golds. Gains of 10 were common to Middle Wits, at a 1979 high of 285p, and Union Corporation, at a high of 378p, while Johnnies added ½ at £17.

On the other hand, half-year results from Transvaal Consolidated Land, although in line with the chairman's forecast, were considered to be disappointing by the market and the shares dipped ½ to £17.

London Financials held steady in the face of the further decline in UK equities.

Elsewhere, the realisation of C$900,000 (£376,000) from the sale of oil and gas leases prompted a good demand for Westfield Minerals which rose 20 to 235p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	July Closing offer	Vol.	Oct. Closing offer	Vol.	Jan. Closing offer	Vol.	Equity close
BP	850	—	—	4	—	—	—	1183p
BP	900	334	1	—	5	—	—	"
BP	950	284	8	302	3	—	—	"
BP	1000	234	1	254	—	—	—	"
BP	1050	184	2	212	—	—	—	"
BP	1200	62	2	110	6	154	—	"
BP	1300	32	21	67	—	102	—	"
Com. Union	160	26	3	29	—	34	—	175p
Com. Union	180	9	35	13	—	17	—	"
Com. Union	200	4	31	6	—	12	—	"
Cons. Gold	200	49	5	55	—	—	—	245p
Cons. Gold	220	29	7	41	—	52	—	"
Cons. Gold	240	19	5	27	—	37	—	"
Cons. Gold	260	9	4	16	—	23	—	"
Courtaulds	100	12	5	14	—	17	—	107p
Courtaulds	110	6½	21	10	—	14	—	"
Courtaulds	120	3½	25	6	—	11	—	"
GEC	390	97	—	115	10	—	—	434p
GEC	420	46	16	64	32	90	—	"
GEC	460	24	20	41	5	64	—	"
Grand Met.	130	43½	—	46½	5	—	—	167p
Grand Met.	140	33½	—	33½	5	—	—	"
Grand Met.	160	18	9	23	—	30	—	"
Grand Met.	180	7	63	15	5	20	—	"
ICI	330	77	10	82	—	—	—	395p
ICI	390	26	3	36	18	47	—	"
ICI	420	12	15	20	—	31	—	"
Land Secs	280	41	10	53	—	69	—	306p
Land Secs	300	25	4	42	38	56	—	"
Land Secs	330	14	7	26	—	41	—	"
Marks & Sp.	100	27	1	30	—	2	—	124p
Marks & Sp.	110	20	2	25	—	30	—	"
Marks & Sp.	120	14	9	20	13	26	—	"
Marks & Sp.	130	9	24	15	1	19	—	"
Shell	650	170	—	185	3	—	—	791p
Shell	700	130	9	158	—	170	—	"
Shell	750	82	10	103	—	125	—	"
Shell	800	51	17	73	16	105	—	"
Totals			397		157			
		May		August		November		
BOC Intl.	70	11	10	14½	5	19½	—	79p
BOC Intl.	80	2½	64	7	10	10½	—	"
Boots	220	8	43	17	5	28	—	221p
Boots	240	1	50	9	—	14	—	"
EMI	100	8	—	15	—	9	3	103p
EMI	110	1	—	8½	18	15	13	"
EMI	120	2	5	7	7	10	4	"
EMI	140	½	—	3	3	6	2	"
Imperial GP	100	6	47	10	45	13	—	102p
Imperial GP	110	2	15	6½	6	8½	5	"
RTZ	240	—	—	—	15	—	—	335p
RTZ	260	—	—	95	15	—	—	"
RTZ	300	34	8	62	3	84	—	"
RTZ	330	10	46	44	2	67	12	"
RTZ	360	4	7	31	9	50	10	"
Totals			295		144		49	

FINANCIAL TIMES STOCK INDICES

	May 10	May 9	May 8	May 4	May 3	May 2	A year ago
Government Secs.	73.82	74.54	75.57	75.91	75.58	75.28	70.97
Fixed Interest	76.32	76.94	77.24	77.76	77.55	77.29	72.23
Industrial	532.7	538.9	549.1	558.6	553.5	544.3	479.8
Gold Mines	165.2	160.9	163.8	157.8	155.9	154.7	150.5
Gold Mines(Ex-$ pm)	134.1	129.5	130.9	127.3	123.0	121.2	109.3
Ord. Div. Yield	5.45	5.39	5.29	5.21	5.27	5.34	5.58
Earnings, Yld. % (full)	14.60	14.43	14.15	13.92	14.08	14.32	16.33
P/E Ratio (net) (*)	8.60	8.90	9.08	9.22	9.12	8.96	7.91
Dealings marked	4,625	5,441	7,042	7,265	6,825	7,116	5,061
Equity turnover £m.	—	108.36	159.30	226.87	140.05	115.41	90.38
Equity bargains total	—	19,361	26,233	30,312	25,544	26,305	18,095

10 am 537.5. 11 am 530.2. Noon 531.0. 1 pm 531.9. 2 pm 532.2. 3 pm 530.5.

Latest Index 01-246 8026.

*Nil=8.53.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. Ex $ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (2/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (4/5)	66.05 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	165.2 (10/5)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines (Ex-$ pm)	134.1 (10/5)	95.8 (2/1)	337.1 (3/4/74)	54.3 (25/6/75)

S.E. ACTIVITY

	May 10	May 9
—Daily		
Gilt Edged	96.7	95.5
Industries	169.0	208.6
Speculative	31.7	35.8
Totals	105.3	123.9
5-day Av'r'ge		
Gilt Edged	106.5	113.9
Industries	236.1	250.2
Speculative	35.8	38.7
Totals	142.0	153.2

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
ICI	£1	15	395	−5	415	346
Shell Transport	25p	15	788	−12	904	556
BATs Defd.	25p	11	298	—	337	250
BP	£1	11	1,178	−8	1,238	882
GEC	25p	11	436	−1	456	311
Marks & Spencer	25p	10	123	−2	144	93
Commercial Union	25p	9	174	−7	183	140
Royal Insurance	25p	9	400	−22	443	325
Boots	25p	8	220	−6	238	184
RTZ	25p	8	332	−2	362	226
Tricentrol "New"	Nil/pd.	8	63pm	−3	74pm	58pm
Ultramar	25p	8	296	−6	318	210
Allied Breweries	25p	7	97	−1	102	80
EMI	50p	7	105	—	120	100
Fisons	£1	7	296	+6	332	264

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 1	May 14	Jul. 26	Aug. 7
May 15	May 29	Aug. 9	Aug. 21
May 30	Jun. 11	Aug. 23	Sept. 4

For rate indications see end of Share Information Service

Money was given for the call in Debenhams, Premier Oil, Ladbroke, Marks and Spencer, Spillers, William Press, Babcock and Wilcox, Westminster Properties, MFI, Trust Houses Forte, Danae Investment Trust Warrants, Carless Capel, London and Northern, New Throgmorton Warrants, Inveresk, Burmah, John Baker (Insulation), Sears, A. Monk and Britannia Arrow. Puts were dealt in EMI and Grand Metropolitan, while doubles were completed in Premier Oil, Barker and Dobson, Kitchen Queen, EMI, Ladbroke, Sears, Burmah, Siebens, Inveresk, Town and City, New Throgmorton Warrants and P. C. Henderson A.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	78	3
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	125	518	771
Financial and Prop.	40	238	229
Oils	6	20	12
Plantations	4	9	19
Mines	63	24	55
Others	34	59	41
Totals	275	982	1,157

APPOINTMENTS

Westinghouse Board changes

Mr. J. M. Durber and Mr. E. F. T. Jenkins have been appointed directors of WESTINGHOUSE BRAKE AND SIGNAL COMPANY. Sir Alec Ogilvie, Mr. D. Forrester and Mr. A. P. Hills have resigned from the Westinghouse Board, of which they were non-executive directors. The changes follow Westinghouse becoming a wholly owned subsidiary of Hawker Siddeley Group. Mr. Durber has been a director of Hawker Siddeley Group since March, 1978, and holds other senior group appointments. Mr. Jenkins is head of the commercial and export services department of the Hawker Siddeley Group.

★

Mr. Marcus Morris has been elected deputy chairman of the NATIONAL MAGAZINE COMPANY in addition to his positions as managing director and editor-in-chief. The company is a subsidiary of the Hearst Corporation. Mr. Michael Bird, marketing director, has joined the National Magazine board as assistant managing director. Other new appointments to that board are: Mr. Roger Barrett, Mr. Jack Blanche, Mr. Brian Braithwaite and Mr. Terry Mansfield. In addition, three executives from the U.S. have become members of the board of National Magazine. They are Mr. Randolph A. Hearst, chairman of the Hearst Corporation, Mr. H. A. Mitnick and Mr. Robert Brink.

★

Mr. Stanley Alfert, a general manager and director of the GENERAL LIFE ASSURANCE SOCIETY, has been appointed joint actuary, not joint secretary as reported on Wednesday.

★

Mr. Marcus Bower has been elected chairman of the INSTITUTE OF DIRECTORS (Northern Counties Branch). He is director corporate affairs on the main Board of Northern Engineering Industries.

★

The General Electric Company Energy Conservation Group has appointed Mr. Malcolm Stuart as managing director of LONDEX. He has been general manager of that company since the beginning of this year.

★

Mr. R. P. Harding, a former general manager of the Abbey National Building Society, has been appointed a director of the CITY OF LONDON BUILDING SOCIETY from July 1, and will succeed Mr. A. G. C. Trollope on his retirement as managing director from October 1979. Mr. Trollope will remain a director of the City of London Building Society.

★

Mr. Peter Salter, head of personnel, Lombard North Central, has been appointed deputy general manager of the personnel division of NATIONAL WESTMINSTER BANK, succeeding Mr. Jock Lithgow, who retires in July.

★

Mr. W. A. Mitchell has been appointed financial director of FAIREY ENGINEERING, a member of the Fairey group. Mr. Mitchell was financial director of Serck Heat Transfer, a post he held for five years.

★

Mr. John H. Donovan has been appointed chairman of the ROYAL TRUST COMPANY (IRELAND).

★

Mr. Bill Hawkins has been appointed a non-executive director of ELDRIDGE LONDON, fine art and antique dealers. Mr. Hawkins is managing director of Industrial Communications and a director of Leoussis Advertising.

★

Mr. D. Meinertzhagen has been re-elected chairman and Sir William Gorell Barnes and Mr. John F. H. Baring re-elected deputy chairman of ROYAL INSURANCE COMPANY. Sir Rowland Wright has resigned from the Board to reduce his commitments.

Mr. L. R. Graham has been appointed director of UNITED GAS INDUSTRIES. He is managing director of Robinson Willey and chairman of Berry Magicoal, both subsidiaries of UCI.

★

Mr. D. S. Leese has resigned from the main Board of BRAMMER AND CO. because of his international commitments.

★

Mr. Henry V. Scaldwell, managing director of Joseph and Son, has become chairman of the GALVANIZERS ASSOCIATION. As deputy chairman, he is succeeded by Mr. Colin Treglown, chairman and managing director of A. and F. Parkes and Co. (London) Mr. Alex Wilson has taken over as president of the Association from Mr. Alan Jenjins. New vice-presidents are Mr. W. L. Hall, Mr. D. Sommerville and Mr. C. P. H. Wedge.

★

GENERAL MOTORS SCOTLAND has made the following appointments: Mr. Alan J. Ramsden, operations manager at the Newhouse and Peterhead Plants; Mr. J. Alex Kelly, works manager, General Motors TEREX do Brasil; and Mr. Alisdair B. MacLauchlan, works manager.

★

Mr. John Frankau has been appointed controller of drama at THAMES TELEVISION. He succeeds Miss Verity Lambert who is now chief executive and creative controller of the company's subsidiary, Euston Films. When Mr. Frankau joins Thames in July, Miss Lambert will devote all her time to Euston Films.

★

Mr. R. A. Wheeler, previously an executive director of Hambros Bank, has joined the GENERAL ELECTRIC COMPANY as an associate director and will be responsible for several upgrouped subsidiaries. He retains a connection with Hambros as a non-executive director.

FOOD PRICE MOVEMENTS

	May 10 £	Week ago £	Month ago £
BACON			
Danish A.1 per ton	1,150	1,120	1,090
British A.1 per ton	1,065	1,065	1,035
Ulster A.1 per ton¶	1,065	1,065	1,035
BUTTER			
NZ per 20 kg	14.11/14.24	14.11/14.24	14.11/14.24
English per cwt†	81.65	81.65	81.65
Danish salted per cwt†	85.10/87.85	85.10/87.85	85.10/86.35
CHEESE‡			
NZ per tonne	—	—	—
English cheddar trad. per tonne	—	1,455	1,455
EGGS*			
Home produced:			
Size 4	2.90/3.10	2.90/3.10	3.00/3.30
Size 2	3.30/3.40	3.30/3.40	3.30/3.60
	May 10 p	**Week ago p**	**Month ago p**
BEEF			
Scottish killed sides ex-KKCF	58.0/62.0	58.0/62.0	54.0/58.0
Eire forequarters	38.0/41.0	37.0/38.0	34.0/38.0
LAMB			
English	—	—	90.0/98.0
NZ PLs/PMs	51.0/52.0	50.0/51.0	48.0/50.5
PORK			
All weights	34.0/45.0	34.0/45.0	33.0/45.0
POULTRY			
Oven-ready chickens	39.0/43.0	39.0/41.0	39.0/41.0

* London Egg Exchange price per 120 eggs. † Delivered. ‡ Unavailable. ¶ For delivery May 12-19.

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (54)

COM'WEALTH & AFRICAN LOANS (1)
S. Rhod. 2½pc '65-70

BUILDINGS (1)
Mallinson-Denny

CHEMICALS (2)
British Benzol, Norsk Hydro

STORES (5)
Dewhirst, Milletts Leisure, Kunick, Northern Goldsmiths, Menzies (J.)

ELECTRICALS (1)
Forward Tech.

ENGINEERING (8)
A.C.E. Machinery, Deritend Stamping, A.P.V., Spencer Clark, Cartwright (R.), Triplex Foundries, Cronite Group, United Wire

FOODS (4)
Banks (Sidney C.), Cullens, Danish Bacon A, Do. A

INDUSTRIALS (9)
Bogod-Pelepah A, Fogarty (E.), Boot (Henry), Highgate & Job, Copydex, Relyon P.B.W.S., Davies & Newman, Utd. Gas Inds., Fitzwilton

NEWSPAPERS (1)
Pearson Longman

PAPER (1)
Ault & Wiborg

PROPERTY (2)
Carrington Inv., Rush & Tomkins

SHIPPING (2)
Fisher (J.), Lyle Shipping

TEXTILES (1)
Cawdaw Ind.

TRUSTS (8)
Caledonia Invs., Dolosweila, Dualvest Inc., Fashion & General, Scottish Cities A, Lamont Hldgs., Tor Inv. Cap., Scot. & Merc. A

MINES (8)
Grootvlei, Libanon, South African Land, Middle Wits., Elandsrand Gold, Mincorp, Kloof Gold, Union Corp.

NEW LOWS (38)

AMERICANS (11)
Browning-Ferris, Gillette, Brunswick Corp., Honeywell, Caterpillar Tractor, Hutton (E. F.), Chrysler, Time Inc., Exxon, U.S. Steel, First Chicago

CANADIANS (3)
Hollinger, Seagram, Rio Algom

BANKS (1)
Commerzbank

BUILDINGS (1)
Cement-Roadstone

ENGINEERING (6)
Brit. Northrop, Manganese Bronze, Hopkinsons, Richardsons W'garth, Hunt & Moscrop, Thyssen

FOODS (1)
Lockwoods

INDUSTRIALS (5)
Dunbee-Combex, Oce Finance Conv., Fairbairn Lawson, Phillips Patents, Lesney Products

INSURANCE (2)
Minet Hldgs., Moran (Chris.)

LEISURE (1)
Howard & Wyndham

MOTORS (1)
Hurst (C.)

PAPER (1)
Ogilvy & Mather

TEXTILES (1)
Mackinnon of Scotland

TRUSTS (2)
Jardine Japan, Massmutual Mt. Rlty.

MINES (2)
Pahang, Northgate

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
§115	F.P.	—	188	137½	††Baker (John)	186	−2	12.0	—	9.6	—
‡‡	F.P.	—	57½	42½	Bank Bridge 10p	47½	−1	—	—	—	—
**	F.P.	16/2	170	118	Hunting Assoc. Defd.	177	......	—	—	—	—
**	F.P.	6/6	105	95	Pentos Defd.	98	+5	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Am'unt Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
99¼	F.P.	—	99¾	99½	Cleveland (County of) Var. Rate 1984	99½	......
‖	—	—	53½	52¾	Eng. Assoc. Sterling Fd. Part. Red. Prf.	53½	......
§100	F.P.	4/5	106p	103p	Grant (James) 10¾% Pref.	105½p	......
20p	Nil	11/5	1¼pm	¾pm	How'rd Wyndh'm 9% Cnv. Cum. Red. Prf.	¾pm	......
96	£60	23/5	67	59½	ICFC 12½% Uns Ln 1992	66½	......
¶	F.P.	27/7	102	99	Lee Valley Water 8% Red. Prf. 1986	102	......
**	—	11/5	106p	105p	Lyles (S.) 11% Cum. Pref.	106p	......
72½	—	—	81	70½	MEPC 6½% Conv. Uns. Ln. 1995-2000	80	−1
100	F.P.	11/5	118½	112	Slough Ests. 8% Cnv. 1991-94	112	−1
**	F.P.	26/4	180p	104p	Tricoville 10¾% Pref.	106p	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1979 High	1979 Low	Stock	Closing Price p	+ or −
200c	F.P.	4/5	22/6	110	96½	Aberoom Invs.	110	......
12	F.P.	27/4	18/5	20½	16½	Armour Trust	18	−½
185	F.P.	3/5	6/6	257	222	Beatson Clark	257	+2
20	Nil	18/5	8/6	234pm	212pm	Brent Chemicals	222pm	−1
20	F.P.	27/4	1/6	113	92	Crest Nicholson	109	−2
26½	Nil	14/5	8/6	9pm	4pm	Davis & Metcalfe 'A'	9pm	......
185	F.P.	23/3	16/5	258	210	Johnson-Matthey	253	......
5p	F.P.	—	—	18	8	Maddock	10	......
34	F.P.	24/4	12/6	59pm	49pm	Norfolk Cap. Hotels	50pm	......
4	F.P.	19/4	31/5	74pm	64pm	Park Place Invs.	64pm	−2
20	F.P.	27/4	15/6	32	27½	Single Holdings	30½	−1
175	Nil	23/3	4/7	74pm	58pm	Tricentrol	63pm	−5
100	F.P.	27/4	18/5	128	115	Unicorn Inds.	127	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✱ with warrants. †† Unlisted security.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thurs., May 10, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Wed., May 9 Index No.	Tues., May 8 Index No.	Fri., May 4 Index No.	Thurs., May 3 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	279.29	−0.8	15.07	4.97	8.85	281.51	286.63	287.87	283.69	212.42
2	Building Materials (27)	262.63	−0.8	15.37	5.24	8.70	264.81	270.52	269.36	265.42	192.13
3	Contracting, Construction (28)	432.76	−1.5	18.38	4.87	7.47	439.19	449.96	451.74	443.28	347.12
4	Electricals (14)	676.95	−0.4	11.49	2.82	11.96	679.92	689.40	698.53	685.92	439.12
5	Engineering Contractors (12)	408.83	−1.3	17.81	5.61	7.48	414.10	426.30	429.70	426.89	313.68
6	Mechanical Engineering (75)	206.19	−0.8	16.37	5.61	8.00	207.82	211.08	211.07	208.33	169.93
8	Metals and Metal Forming (16)	186.15	−0.9	16.75	8.35	7.65	187.77	191.32	192.29	190.51	169.68
11	CONSUMER GOODS (DURABLE) (52)	252.30	−1.1	13.98	4.31	9.52	255.07	259.88	258.44	256.58	197.29
12	Lt. Electronics, Radio, TV (16)	341.61	−1.1	11.10	3.10	12.75	345.48	352.61	348.68	347.20	233.24
13	Household Goods (12)	176.76	−0.5	15.66	6.75	8.54	177.62	180.81	179.04	177.55	174.09
14	Motors and Distributors (24)	131.12	−1.1	19.95	6.41	6.21	132.65	134.66	135.66	133.87	124.56
21	CONSUMER GOODS (NON-DURABLE) (171)	259.86	−1.2	13.98	5.09	9.26	263.07	269.06	269.81	266.16	205.58
22	Breweries (14)	295.14	−1.0	12.92	5.09	9.81	298.10	305.85	306.13	298.80	239.62
23	Wines and Spirits (6)	332.87	−1.2	14.11	4.50	10.32	336.82	345.78	347.53	346.26	261.00
24	Entertainment, Catering (17)	354.37	−1.7	13.38	5.41	9.96	360.58	372.11	374.30	374.32	261.43
25	Food Manufacturing (19)	230.22	−0.6	16.83	4.93	7.60	231.71	236.13	236.75	235.36	194.40
26	Food Retailing (15)	315.03	−1.7	10.23	3.81	13.28	320.40	332.56	331.74	325.35	197.88
32	Newspapers, Publishing (12)	485.94	−0.4	19.13	5.27	7.41	487.92	492.56	486.06	478.04	385.67
33	Packaging and Paper (15)	151.24	−0.3	17.13	7.22	7.48	151.77	154.04	155.12	152.69	132.33
34	Stores (41)	264.10	−1.3	10.22	3.72	13.46	267.63	273.41	273.48	267.73	185.73
35	Textiles (23)	182.22	−1.5	18.23	8.39	6.94	185.01	188.52	191.07	189.34	187.67
36	Tobaccos (3)	270.08	−1.7	21.08	7.62	5.45	274.71	278.33	279.81	278.76	258.78
37	Toys and Games (6)	79.15	−1.4	28.96	8.56	4.17	80.26	82.84	89.19	89.53	104.34
41	OTHER GROUPS (99)	228.48	−0.9	13.98	5.58	8.88	230.52	234.76	234.11	231.62	193.17
42	Chemicals (18)	317.07	−1.1	15.82	6.22	7.40	320.59	324.73	329.77	325.12	262.07
43	Pharmaceutical Products (7)	264.74	−1.0	10.38	4.48	11.81	267.49	272.28	274.02	273.67	258.01
44	Office Equipment (6)	145.48	−1.5	13.94	5.64	9.04	147.64	152.27	150.53	149.22	131.49
45	Shipping (10)	465.99	+0.4	10.34	6.59	13.55	464.06	475.42	474.52	473.87	441.49
46	Miscellaneous (58)	266.60	−0.7	14.87	5.40	8.75	268.53	273.91	267.71	263.82	204.72
49	INDUSTRIAL GROUP (494)	264.51	−1.0	14.26	5.12	9.08	267.25	272.67	273.01	269.56	210.48
51	Oils (6)	681.89	−1.1	11.57	3.21	9.19	689.21	698.43	704.23	695.75	497.05
59	500 SHARE INDEX	298.58	−1.0	13.80	4.79	9.10	301.68	307.46	308.28	304.34	234.18
61	FINANCIAL GROUP (115)	212.17	−1.6	—	4.91	—	215.70	220.58	221.25	218.80	168.43
62	Banks (6)	253.66	+0.4	26.26	4.78	4.92	252.75	261.17	265.89	263.77	199.50
63	Discount Houses (10)	263.57	−2.1	—	7.06	—	269.20	278.91	270.67	268.43	201.09
64	Hire Purchase (5)	192.42	−6.6	17.26	4.59	7.46	206.01	210.97	204.05	201.47	151.24
65	Insurance (Life) (10)	173.00	−1.3	—	6.14	—	175.25	179.10	179.94	179.68	140.03
66	Insurance (Composite) (8)	147.63	−4.0	—	6.39	—	153.85	156.81	157.45	154.27	131.86
67	Insurance Brokers (10)	317.79	−2.1	15.81	6.04	9.08	324.68	330.64	329.58	333.19	345.25
68	Merchant Banks (14)	108.20	−1.6	—	4.82	—	109.92	111.51	108.74	105.48	80.82
69	Property (42)	366.42	−1.5	3.07	2.22	50.02	371.87	377.00	375.00	370.00	224.44
70	Miscellaneous (10)	132.21	−0.3	17.05	6.89	7.30	132.60	137.43	136.56	135.09	105.80
71	Investment Trusts (111)	241.39	−0.9	—	4.66	—	243.68	247.36	247.55	244.59	204.50
81	Mining Finance (4)	141.17	−0.4	14.30	5.57	8.49	141.73	146.07	149.04	145.26	94.01
91	Overseas Traders (20)	369.69	−0.7	13.69	6.84	9.28	372.37	378.03	377.45	373.64	314.06
99	ALL-SHARE INDEX (750)	274.52	−1.1	—	4.86	—	277.60	283.05	283.82	280.28	216.32

FIXED INTEREST PRICE INDICES

	British Government	Thurs., May 10	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	106.62	−0.56	—	3.54
2	5-15 years	120.84	−1.04	—	3.15
3	Over 15 years	126.17	−1.16	—	5.31
4	Irredeemables	134.77	−1.16	—	6.08
5	All stocks	116.90	−0.91	—	4.13

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Thurs., May 10	Wed., May 9	Year ago (approx.)
1	Low Coupons	5 years	9.69	9.46	8.54
2		15 years	10.39	10.25	10.90
3		25 years	10.95	10.82	11.44
4	Medium Coupons	5 years	11.21	10.95	10.86
5		15 years	11.70	11.52	12.13
6		25 years	11.87	11.72	12.31
7	High Coupons	5 years	11.62	11.35	11.26
8		15 years	12.09	11.92	12.67
9		25 years	12.15	11.99	13.05
10	Irredeemables		10.79	10.66	11.23

		Thurs., May 10 Index No.	Thurs., May 10 Yield %	Wed., May 9	Tues., May 8	Fri., May 4	Thurs., May 3	Wed., May 2	Tues., May 1	Mon., April 30	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	61.57	†12.06	61.84	61.86	61.88	61.76	61.58	61.51	61.47	57.70
16	Investment Trust Prefs. (15)	52.03	13.51	52.41	51.45	51.86	51.54	51.46	51.46	51.46	52.26
17	Coml. and Indl. Prefs. (20)	75.32	12.42	75.91	75.60	75.60	75.60	75.53	75.24	75.17	70.32

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Gilt Int. Tst.	108.9	114.6	-1.4	3.09
Abbey Capital	40.9	43.5	-0.4	4.11
Abbey Income	47.8	50.6	-0.6	5.99
Abbey Inv. Tst. Fd.	41.5	44.2	-0.7	4.45
Abbey Gen. Tst.	55.6	59.1	-0.7	3.95
Equitas Prog. Tst.	74.1	78.2xd	-0.8	4.33

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	99.7	104.9	.....	12.22

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	80.2	85.8	-1.0	4.85
Brit. Inds. Fund	78.9	84.4	-1.1	4.74
Grth. & Inc.	45.1	48.3	-0.5	4.55
Elect. & Ind. Dev.	42.4	45.4	-0.5	4.20
Allied Capital	84.7	90.6	-1.1	4.19
Hambro Fund	130.0	139.1	-1.7	4.66
Hambro Acc. Fd.	149.7	160.2	-1.9	4.10
Income Funds				
High Yield Fd.	82.3	88.1	-0.9	7.55
High Income	76.7	82.1	-0.8	6.48
A. H. Eq. Inc.	45.4	48.6	-0.5	6.58
International Funds				
International	25.5	27.3	-0.1	2.94
Pacific Fund	39.0	41.7	-0.3	2.13
Secs. Of America	53.7	57.4	+0.1	2.00
Specialist Funds				
Smaller Co.'s Fd.	49.8	53.3	-0.5	3.56
2nd Smlr. Co's Fd.	61.8	66.1	-0.4	3.78
Recovery Sits.	119.8	128.2xd	-1.2	5.09
Met. Min. & C'dty.	49.0	52.4xd		4.37
Overseas Earnings	68.1	72.9	-0.6	3.98
Exempt Funds				
Far East Exempt	45.0	46.8xd	-0.1	3.00
Smaller Co. Exempt	78.5	82.4xd	-0.8	3.94
U.S.A. Exempt	95.1	98.9	+0.3	2.22

Anderson Unit Trust Managers Ltd.
58, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	57.0	61.6	.....	4.58

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	191.0	201.0	.....	8.90

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	49.5	53.9	.....	10.20
(Accum. Units)	74.7	81.3	.....	10.20
Extra Income Fd.	113.2	123.1xd	-0.5	9.58
(Accum. Units)	117.5	127.8xd	-0.5	9.58
High Inc. Fund	46.4	50.5	-0.4	8.25
(Accum. Units)	67.0	72.9	-0.6	8.25
8½% W'drwl. Uts.)	61.4	66.8	-0.6	8.25
Preference Fund	24.9	27.1xd	.....	12.30
(Accum. Units)	41.2	44.8xd	.....	12.30
Capital Fund	23.4	25.2	.....	—
Commodity Fund	68.3	74.3	-1.0	4.58
(Accum. Units)	101.6	110.5	-1.5	4.58
(10% W'drwl. U.)	56.2	61.1	-0.8	4.58
Fin. & Prop. Fd.	22.7	24.9	.....	3.00
Giants Fund	45.4	49.4	-0.7	4.21
(Accum. Units)	54.4	59.2	-0.8	4.21
Growth Fund	38.7	41.7	-0.5	3.84
(Accum. Units)	47.2	50.9	-0.7	3.84
Smaller Co's Fd.	32.1	34.9xd	-0.3	4.80
Eastern & Intl. Fd.	22.8	24.6	-1.2	1.13
(6% W'drwl. Uts.)	16.9	18.2	-0.9	1.13

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends' Prov. Uts.	52.2	55.8xd	-0.5	4.30
Do. Accum.	70.0	74.8	-0.6	4.30

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital April 26	117.6	119.7xd	.....	4.18
Gross Inc. April 26	88.5	90.6	.....	7.95
High Yield April 26	97.3	100.3	.....	8.33

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD. 01-628 8131

G.T. Cap. Inc.	112.6	119.7	.....	2.50
Do. Acc.	138.1	146.9	.....	2.50
G.T. Inc. Fd. Un.	181.7	193.2	.....	8.20
G.T. U.S. & Gen.	125.8	133.8xd	.....	3.70
G.T. Japan & Gen.	81.3	86.0	.....	2.10
♦Gt. Pens. Ex. Fd.	208.0	218.3	.....	3.00
G.T. Int'l. Fund	153.1	162.8	.....	1.60
G.T. Four Yds. Fd.	62.7	66.7	.....	7.60
G.T. Far East & Gen.	44.6	47.9	.....	2.10

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	39.5	42.2xd	-0.4	4.36

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP. 01-283 3531
Dealing only: 01-623 5766/5806

American Tst.	23.9	25.7	.....	0.46
British Tst. (Acc.)	67.9	73.0	-1.0	3.35
Commodity Share	181.6	195.3	-0.9	3.30
Extra Income Tst.	27.0	29.1xd	-0.3	8.54
Far East Trust	33.2	35.5	-0.2	0.22
High Income Tst.	67.3	72.4	-0.6	8.57
Income Fund	87.4	94.0	-1.2	6.48
Ins. Agencies	£15.93	16.96	-0.11	3.86
Intl. Exempt Fd.	105.9	114.8xd	-1.8	5.84
Intl. Tst. (Acc.)	32.1	34.6	-0.3	0.69

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2. 01-588 4111

Extra Income	31.9	34.7	-0.3	9.20
Income	47.4	51.0xd	-0.5	8.20
Accumulation	77.3	84.0	-1.0	4.80
Growth	45.8	49.8	-0.7	4.20
Capital	51.0	55.4	-0.6	3.70
Small Co's	47.3	51.4	-0.6	4.10
Technology	70.2	76.3xd	-0.9	4.60
Private	46.5	50.0	-0.5	4.20
Intl. Erns. & Assets	49.7	54.0	-1.0	2.80
American	23.7	25.5	.....	1.90
Far East & Gen.	25.3	27.2	-0.1	2.40
Far East Trust	26.2	28.2	-0.3	2.70

Govett (John)♥
77 London Wall, EC2. 01-588 5620

Stockhlr. April 27	148.8	156.8	.....	2.35
Do. Accum. Unit	180.6	190.4	.....	2.35

Next dealing May 11.

Grieveson Management Co. Ltd.
59 Gresham Street, EC2P 2DS. 01-606 4433

Barrington May 9	273.1	286.0	.....	4.16
(Accum. Units)	304.8	319.2	.....	4.16
Bing. H. Yd. May 10	202.2	211.8	+2.7	8.19
(Accum. Units)	246.4	258.1	+3.2	8.19
Endeav. May 8	226.4	236.0xd	.....	3.03
(Accum. Units)	237.9	247.9	.....	3.03
Grnchster May 4	91.7	95.4	.....	3.07
(Accum. Units)	96.2	100.0	.....	3.07
Ln. & Brds. May 9	72.7	75.7	.....	4.79
(Accum. Units)	77.1	80.3	.....	4.79

Minster Fund Managers Ltd.
Minster Hse., Arthur St., EC4. 01-623 1050

Minster May 8	43.6	45.6	.....	5.53
Exempt April 30	113.7	117.7	.....	5.70

MLA Unit Trust Mngmnt. Ltd.
Old Queen Street, SW1A 9JG. 01-222 8177

MLA Units	60.8	63.9	.....	3.31

Murray Johnstone U.T. Mgmt.♥ (a)
163, Hope Street, Glasgow, G2 2UH. 041-221 5521

MJ European	74.1	78.9	-1.4	4.25

Dealing Day Friday.

Mutual Unit Trust Managers♥ (a)(g)
15 Copthall Ave., EC2R 7BU. 01-606 4803

Mutual Sec. Plus	58.1	61.6	-1.0	5.97
Mutual Inc. Tst.	80.0	85.9	-1.2	6.75
Mutual Blue Chip	50.2	54.1	-0.6	6.02
Mutual High Yld.	62.8	67.6	-0.8	7.97

National and Commercial
31, St. Andrew Square, Edinburgh. 031-556 9151

Income May 9	189.0	196.0	.....	5.07
(Accum. Units)	263.0	272.8	.....	5.07
Capt. May 9	155.8	161.6	.....	2.87
(Accum. Units)	191.6	198.6	.....	2.87

National Provident Inv. Mngrs. Ltd.♥
48, Gracechurch St., EC3P 3HH. 01-623 4200

N.P.I. Gth. Un. Tst.	59.8	63.7xd	.....	4.70
(Accum. Units)*	75.6	80.5	.....	4.70
NPI O'seas Trust	129.5	137.1	.....	2.55
(Accum. Units)**	140.2	148.4	.....	2.55

**Prices on April 26. Next dealing May 30.
*Prices on May 9. Next dealing May 23.

National Westminster♥ (a)
161, Cheapside, EC2V 6EU. 01-606 6060

Capital (Accum.)	77.3	83.1	-0.7	3.53
Extra Inc.	71.8	77.2xd	-1.0	7.89
Financial	39.8	41.9	-0.5	4.66
Growth Inv.	98.2	105.5	-1.0	4.27
Income	39.6	42.5	-0.5	6.50
Portfolio Inv. Fd.	81.6	85.4	-0.9	5.22
Universal Fd. (d)	48.5	52.1xd	-0.3	2.69

Prudl. Portfolio Mngrs. Ltd.♥ (a)(b)(c)
Holborn Bars, EC1N 2NH. 01-405 9222

Prudential	155.0	164.5	-2.5	4.22

Quilter Management Co. Ltd.♥
The Stock Exchange, EC2N 1HP. 01-600 4177

Quadrant Gen. Fd.	134.8	140.5xd	.....	3.78
Quadrant Income	154.5	164.0	.....	4.12

Reliance Unit Mgrs. Ltd.♥
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

Opportunity Fd.	77.5	82.8	.....	5.96
Sekforde T. (Acc.)	48.5	51.9	-0.6	5.42
Sekforde T. Inc.	45.6	48.8xd	-0.7	5.42

Ridgefield Management Ltd.
38-40 Kennedy St., Manchester. 061-236 8521

Ridgefield Int. UT	89.0	96.0	.....	2.53
Ridgefield Income	99	106.0	.....	8.62

Rothschild Asset Management (g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N. C. Equity Fund	193.3	205.6xd	-2.0	3.41
N. C. Engy. Res. Tst.	117.7	125.2	-0.4	2.38
N. C. Income Fund	167.3	177.9	-2.8	7.01
N. C. Intl. Fd. (Inc.)	79.8	84.0xd	-0.3	1.88
N. C. Intl. Fd. (Acc.)	80.8	85.9	-0.1	1.88
N. C. Smllr. Coys. Fd.	205.2	218.4	-3.6	3.60

Rowan Unit Trust Mngt. Ltd.♥ (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

American May 10	64.5	67.5	-3.5	1.43
Securities May 9	219.0	230.0	.....	3.78
High Yield May 4	62.1	65.3	.....	7.74
(Accum. Units)	90.7	95.3	.....	7.74
Merlin May 9	96.9	102.0	.....	3.68
(Accum. Units)	121.9	128.4	.....	3.68

Royal Tst. Can. Fd. Mgrs. Ltd.
54, Jermyn Street, S.W.1. 01-629 8252

Capital Fd.	79.0	83.3	.....	3.12
Income Fd.	79.0	83.3	.....	6.80

Prices at April 30. Next dealing May 15.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

NOTES

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[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
23	22	Antofagasta Rly...	22	......	—	—
40	39	Do. 5pc Pref......	40	......	—	—
98	98	Chilean Mixed......	98	......	—	↑3.10

BONDS & RAILS—Cont.

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 23½% (based on US$2.0545 per £)
Conversion factor 0.8118 (0.8048)

CANADIANS

[illegible]

S.E. List Premium 23½% (based on $2.3839 per £)

BANKS AND HIRE PURCHASE

[illegible]

BANKS & HP—Continued

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

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[illegible]

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[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICAL AND RADIO

[illegible]

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[illegible]

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[illegible]

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FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	9	.....			
171	128	Bougainville 50 Toea	139	−2	Q15c	1.0	6.7
140	84	BH South 50c	96	.....	—	—	—
540	340	Central Pacific	530	.....	—	—	—
318	220	Conzinc Riotinto 50c	248	+2	¶Q10c	2.0	2.4
36	21	Cultus Pacific N.L.	24	.....	—	—	—
21½	13½	Endeavour 20c	14½	.....	—	—	—
98	62	G.M. Kalgoorlie $1	76	.....	Z03c	—	2.3
42	23	Haoma Gold N.L.	27	+2	—	—	—
172	148	Hampton Areas 5p	172	.....	♦13.55	2.0	3.1
57	25	Metals Ex. 50c	57	.....	—	—	—
275	197	M.I.M. Hldgs. 50c	225	+2	†Q9c	1.7	2.3
15	15	Minefields Expl.	15	.....	—	—	—
74	38	Mount Lyell 25c	52	.....	—	—	—
44	17	Newmetal 20c	18	.....	—	—	—
141	100	North B. Hill 50c	108	.....	†Q8c	1.3	4.3
22	11	Nth. Kalgurli	15	.....	—	—	—
40	22	Nth. West Mining	24	.....	—	—	—
137	88	Oakbridge $A1	93	.....	Q12c	1.9	7.5
37	22	Oilmin N. L.	25	−1	—	—	—
120	58	Pacific Copper	88	.....	—	—	—
£10¾	625	Pancont'l 25c	675	.....	—	—	—
25¾	17½	Paringa M&Ex.5p	19	.....	—	—	—
510	330	Peko-Wallsend 50c	346	.....	Q15c	3.3	2.5
215	145	Southern Pacific	195	.....	—	—	—
188	139	Western Mining 50c	162	+2	†Q3c	0.7	1.0
11	9	Westmex	10	.....	—	—	—
65	50	Whim Creek 20c	55	.....	—	—	—

TINS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	29	.....	2.81	1.3	14.4
435	310	Ayer Hitam $M1	315	−5	Q300c	0.5	20.5
72	51	Beralt Tin	62	.....	4.0	♦	9.6
270	200	Berjuntai $M1	225	.....	†Q110c	1.0	11.6
160	145	Geevor	155	.....	H5.57	5.8	5.4
10½	8	Gold & Base 12½p	10½	.....	—	—	—
365	295	Gopeng Cons.	360	.....	†18.0	1.4	7.5
360	295	Hongkong	360	.....	12.5	2.8	5.2
72	64	Idris 10p	72	.....	8.0	♦	16.6
14	9½	Jantar 12½p	14	.....	—	—	—
95	66	Kamunting $M0.50	93	−2	†Q12.5c	2.1	2.9
620	210	Killinghall $M1	335	.....	—	—	—
465	365	Malay Dredging $M1	405	−10	†175c	0.7	9.3
57	38	ΔPahang	38	−1	—	—	—
108	60	Pengkalen 10p	108	.....	4.5	1.2	6.2
275	205	Petaling $M1	260	−15	Q120c	1.3	9.9
85	73	Saint Piran	76	−2	†2.03	6.5	4.0
58	53	South Crofty 10p	54	.....	†4.19	2.0	11.6
210	170	South Kinta $M0.50	200	−5	†Q145c	0.6	15.6
405	285	Sthn Malayan $M1	370	−5	†Q190c	1.0	11.0
295	210	Sungei Besi $M1	285	−10	mQ65c	5.3	4.9
75	50	Supreme Corp. $M1	55	.....	Z010c	—	3.9
105	94	Tanjong 15p	105	.....	6.60	0.8	9.4
115	95	Tongkah H. Tin	110	.....	†Q24c	0.7	5.0
280	205	Tronoh $M1	260	−10	‡Q88c	1.6	‡

COPPER

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
111	56	Messina R0.50	102	+2	—	—	—

MISCELLANEOUS

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
74	54	Barymin	62	.....	—	—	—
13½	10	Burma Mines 17½p	10	.....	—	—	—
345	170	Cons. Murch. 10c	270	+10	—	—	—
410	335	Northgate C$1	335	−5	—	—	—
362	226	R.T.Z.	332xd	−2	11.5	2.7	5.2
31	18	Robert Mines	25	−3	—	—	—
65	40	Sabina Inds. C$1	43	+3	—	—	—
880	687	Tara Expln. $1	687	−50	—	—	—

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

High	Low	Stock	Price	+ or −	Div.	C'vr	Y'ld
$15	$10½	Buffels R1	$15	+¼	Q190c	♦	14.6
$12⅛	890c	East Drie R1	$12⅛	+⅛	Q115c	1.6	10.9
510c	350c	East Rand Prp. R1	510c	+25	Q10c	—	2.3
$24¼	$18¼	F.S. Geduld 50c	$22⅛	+⅛	†Q315c	2.4	16.4
$14¾	$11⅛	Pres. Brand 50c	$14½	+½	†Q150c	3.2	12.1
$14¾	$10¾	St. Helena R1	$14¼	+¼	Q190c	1.4	15.4
620c	407c	Stilfontein 50c	610c	.....	Q66c	♦	12.5
$26⅞	$18¼	Vaal Reefs 50c	$26⅞	+⅛	Q280c	2.7	12.0
$38¾	$28¾	West Drie R1	$38¾	+1	†Q385c	1.7	11.5
$30⅞	$22¼	West Hldgs. 50c	$29¼	+¾	†Q415c	1.4	16.6
$13⅝	$10⅜	Western Deep R2	$13½	+¼	Q147½c	2.1	12.5

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ‡ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stay unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	29	......
Ash Spinning	105	......
Bertam	26	......
Bdg'wtr. Est. 50p	425	......
Clover Croft	28	......
Craig & Rose £1	£10	−⅞
Dyson (R. A.) A	36	......
Ellis & McHdy	70	......
Fife Forge	54	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	235	+15
Higsons Brew	83	−2
Holt (Jos) 25p	269	......
I.O.M. Stm. £1	165	......
Pearce (C. H.)	215	......
Peel Mills	30	......
Sheff. Refrshmt	85	......
Sindall (Wm.)	142	......
IRISH		
Conv. 9% '80/82	£92¼	−¼
Alliance Gas	103	......
Arnott	390	......
Carroll (P.J.)	107	......
Clondalkin	90	......
Concrete Prods.	100	......
Helton (Hldgs.)	74	+2
Ins. Corp.	210	......
Irish Ropes	105	......
Jacob	38	......
T.M.G.	215	......
Unidare	86	......

OPTIONS
3-month Call Rates

Stock	Rate
Industrials	
A. Brew	7
BOC Intl.	6
B.S.R.	8
Babcock	14
Barclays Bank	32
Beecham	52
Blue Circle	18
Boots	18
Bowaters	18
B.A.T.	28
Brown (J.)	50
Burton 'A'	22
Cadburys	5
Courtaulds	10
Debenhams	8
Distillers	21
Dunlop	6½
Eagle Star	10
E.M.I.	14
Gen. Accident	21
Gen. Electric	32
Glaxo	50
Grand Met.	12
G.U.S. 'A'	30
Guardian	24
G.K.N.	24
Hawker Sidd	22
House of Fraser	15
I.C.I.	20
"Imps"	9
I.C.L.	40
Inveresk	7
KCA	4
Ladbroke	18
Legal & Gen.	14
Lex Service	9
Lloyds Bank	25
"Lofs"	5
London Brick	7
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FINANCIAL TIMES

Friday May 11 1979

Mr. Henry Ford II

Henry Ford resigns

By Stewart Fleming in New York

Mr. Henry Ford II, the chief executive of Ford Motor Company for the past 34 years, formally resigned from that position yesterday and nominated Mr. Philip Caldwell, vice-chairman and president, to succeed him.

At the company's annual meeting Mr. Ford, who has been given most of the credit for rescuing Ford from the brink of disaster in the late 1940s and building it into a major multi-national, disclosed that a committee of the Ford board has recommended that he stay on as chairman.

"I have agreed to continue as chairman for an indeterminate length of time," Mr. Ford said. He added that his role would be completely non-executive.

However, Mr. Ford expects to become chairman of the finance committee.

Discussing the future leadership of the company, Mr. Ford declared: "If any other member of my family achieves a senior position in the company, it will be through merit and by decision of the board of directors.

"There are no crown princes in the Ford Motor Company and there is no privileged route to the top," he said.

In the audience was Mr. Ford's nephew, Mr. Benson Ford Jr, who is seeking a seat on the company's board, which, he has claimed, was improperly denied him by the Ford family, acting under the influence of Mr. Henry Ford II.

Benn ready for battle

BY RICHARD EVANS, LOBBY EDITOR

THE CONTEST for control of the Labour Party was launched by Mr. Anthony Wedgwood Benn, former Energy Secretary, yesterday with his decision not to stand for the Shadow Cabinet.

The move, viewed with alarm by many Labour leaders and open glee by Conservative MPs, means that Mr. Benn will have freedom as a backbencher to speak his mind and promote his Left-wing views.

The belief of Labour MPs is that Mr. Benn will now campaign for the party to adopt more Socialist policies before the next election, and for a change in the procedures for the election of party leader that would benefit a Left-wing candidate.

Mr. Benn, an exceedingly astute tactician, has little chance of becoming party leader under present rules, which confine the electoral college to Labour MPs. But if the procedures were changed to allow the party conference a major say the situation would be transformed. In recent years he has headed the constituency section elections to Labour's National Executive Committee.

This change will be Mr. Benn's major aim over the next three years, together with the advance of his power base at Westminster, which was greatly depleted with the loss of many Left-wing MPs at the General Election.

The swing to the Right within the Parliamentary Labour Party is such that it was by no means certain that Mr. Benn would have been voted onto the Shadow Cabinet even if he had stood. The likelihood is that nearly all the 12 elected members will come from the Centre and Right of the party.

In a statement Mr. Benn argued that Labour MPs now had two equally urgent matters to discuss. First, how to mount principled and effective opposition in Parliament to the policies and philosophy of the new Government insofar as these policies harmed the interests of the people represented by Labour.

Second, how to study and analyse the experience of the last five years, especially the relationship which existed between the Labour Government, the Parliamentary party, the National Executive and the annual conference, so that the lessons learned could be applied to the future work of the party.

His reference to the relationship between Labour MPs and the annual conference is at the heart of the coming power struggle and Mr. Benn is determined to ensure that the party's rank and file have a much more effective say in policy formation and the choice of a leader.

The danger following the re-election of Mr. Callaghan as party leader and the disappearance of many leading Left-wing MPs at the election is that Labour will become more polarised than ever with a Right-wing leadership and PLP increasingly challenged by a Left-wing National Executive and party conference.

Customs recruiting frozen after deal

By Philip Bassett, Labour Staff

THE CUSTOMS and Excise has frozen all staff recruitment because of the cost of the recent Civil Service pay settlement.

The move, seen by union leaders as the first indication of the Government's determination to reduce the number of public sector workers, provoked angry reaction yesterday. Union officials claimed the freeze and other measures would mean the loss of 4,000 Customs jobs, or about 15 per cent of the department's total staff.

Unions expect other departments to follow suit, and Mr. Gerry Gillman, general secretary of the Society of Civil and Public Servants, claimed that 60,000 jobs would be lost if the freeze was spread across the service.

Civil Service Department officials had made it clear to union leaders before the election that any paysettlement costing more than 7 per cent, the maximum allowed for pay under the Service's present cash limits, would have to be paid for by job reductions. The settlement, which gives average increases by January of 25 per cent, will add £340m to the £2bn-a-year Civil Service pay bill.

The new government's appointment of Sir Derek Rayner, joint managing director of Marks and Spencer, to monitor public-sector over-manning, is sene by union officials as a move to push that policy quickly forward.

The appointment was attacked at the society's annual conference at Brighton yesterday.

The Customs and Excise instruction, signed by Mr. P. Jefferson Smith, an assistant secretary in the Customs and Excise manpower division, imposes an immediate freeze on recruitment until thet department's numbers are "substantially" reduced by natural wastage.

The circular says that the later the reductions are started, the deeper the cuts will have to be, though no figure is put on the numbers to be lost.

No further casual or agency staff will be taken on, no Customs staff will be promoted and temporary substitution will be halted.

Representatives of the Civil Service National Whitley Council staff side are expected to meet Mr. James Prior, Employment Secretary, and other ministers, possibly today, on the issue.

Paul Taylor writes: The Civil Service Department said yesterday that ministers would "of course" need to take decisions on whether to make cuts in the Civil Service to help to bridge the gap between the provision in cash limits for pay and the Civil Service pay settlement.

"In advance of this they are taking whatever contingency action they think necessary.

"For example in the case of Customs and Excise the board of Customs and Excise has decided that recruitment should be temporarily stopped."

Civil Service Unions consider ballot, Page 13

THE LEX COLUMN

Borrowing rises and hopes fall

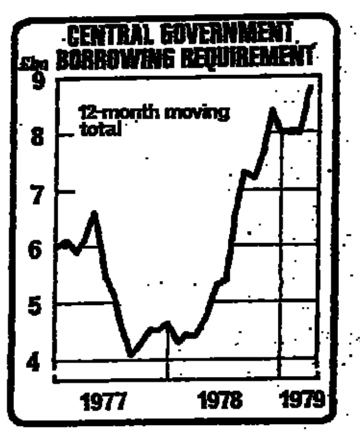
This week the strange, detached pre-election atmosphere in the City's financial markets has been replaced by an uncomfortable dose of reality. Yesterday the central Government borrowing requirement for April turned out to be well above expectations at £1.25bn. Gilt-edged fell another point or more, to take total losses this week to upwards of three points. The same mood has prevailed on the foreign exchanges—where the sterling trade-weighted index has fallen 1.6 per cent in the week since polling day—and as for equities, the FT 30-share Index has lost over 25 points in three straight days trading.

In gilt-edged, technical weakness has centred on the most recent new issue Exchequer 11 per cent, 1991. The first call is due on Monday, and the stock had to be sold by yesterday if holders were to avoid paying the £30 instalment. It has been apparent that much of this stock has been in speculative hands, and the long term funds have been holding back this week, leading to what could almost amount to distress selling.

The economic news has not helped. Poor monetary statistics have suggested that the new Government will need to seize an early opportunity to launch its first tap stock—at present only £420m of funding is scheduled for the June banking month which begins next week. In more settled conditions a tap might well have been launched today, but the authorities may now decide to wait until the gilt-edged market is steadier.

The April CGBR was a full £800m higher than the corresponding 1978 figure, though there is said to be a temporary £400m shortfall on expected VAT payments because of the civil service dispute, and local authority borrowing from the national loans fund was unusually high. However, it is not yet clear that the sharp underlying uptrend in Government borrowing during the past year has flattened out. As the various figures slot into place, the City's enthusiastic anticipation of Sir Geoffrey Howe's first Budget is being replaced by a more sober frame of mind.

Index fell 6.2 to 532.7



P & O

The 1978 report of P&O, the beleaguered shipping giant, bears out Lord Inchcape's recent statement that the group's problem is not one of liquidity but one of inadequate profits. Capital commitments, which had peaked at £230m in 1976, have been cut back to £82m, of which close to £50m reflects future spending on the Beatrice North Sea oil field—now up for sale.

Although actual capital spending reached a peak of £130m in 1978, and P&O had to find another £65m for loan repayments, its balance sheet has not suffered unduly. The money has been found from £39m of asset sales, £42m of depreciation and fresh shipbuilding loans of £120m. Against shareholders' funds of £401m, the group is now supporting long-term borrowings of £299m. This is only £32m higher than a couple of years ago and over the same period net short term borrowings have fallen marginally to £93m.

From next year onwards the group's liquidity pressures should start to ease especially if there are any further major asset sales. However, the report and accounts cannot hide the depressing background. A couple of years ago the fleet was valued at £134m over book value. Now it is some £30m below book value and the prestige London properties are still standing in the books at £33m above current market value. Meanwhile, staff levels have fallen by a quarter from the 1975 peak.

Unless P & O puts its house in order soon it could be the victim of an unwanted suitor—its shares are standing at 82p against a net asset value of 284p. If it is any comfort it is not the only shipping company looking vulnerable. Judging by the performance of Furness Withy's share price recently, someone is waiting in the wings ready to pounce.

Lloyds and Scottish

Strip out the effect of the profit sharing scheme and the change in depreciation policy, and Lloyd's and Scottish's interim pre-tax profits are roughly unchanged at £12.3m. Compared with Mercantile Credit's one-fifth rise in profits over the same period, Lloyds and Scottish's performance looks unimpressive and the shares fell 15p to 127p where they now yield a prospective 5.7 per cent.

Of course, it is not altogether fair to compare Mercantile with Lloyds and Scottish since the former is wholly owned by a clearink bank and has funding advantages as a result. L and S, in common with other independent finance houses such as UDT, has ben suffering particlarly severely from the sharp rise in interest rates which has bitten into the profitability of its fixed rate lending—roughly two-thirds of the total.

However, the short term hiccup in L and S's profit growth should not be allowed to disguise the fact that its underlying business is growing very quickly—it reckons its advances were up by roughly a quarter during this period. Once interest rates start coming down this growth will flow through to profits.

Royal Insurance

Anyone who ever heard a weather report during the winter knew that Royal Insurance was going to have a poor first quarter, but nevertheless the scale of the £19.9m underwriting loss came as a shock to the market. Not only did the severe weather both in the UK and North America affect the property and motor accounts, but in addition the group has suffered—for no discernible reason—from a surge in the number of large fire claims both in the UK and the U.S. With investment income up a tenth overall pre-tax profits for January-March are down from £28.6m to £12.8m.

Royal is emphatic that the underwriting losses, which compare with £1.1m for the same 1978 quarter, are from normal insurance risks, and do not seem from any deterioration in the quality of the portfolio. The market's reaction was to mark down all composite share prices heavily, Royals falling 22p to 400p. It will need to repeat last year's performance over the rest of 1979 to break even on underwriting, and this would still leave pre-tax profits slightly lower. The shares yield 7 per cent.

Forces pay up by 8.3%

BY MICHAEL DONE, DEFENCE CORRESPONDENT

THE GOVERNMENT is to give the 309,000 members of the armed forces further pay rises averaging 8.3 per cent, backdated to April 1.

The Conservatives pledged in the election campaign to bring forces pay up to levels comparable with civilian life as soon as possible.

The increase is worth about £111.5m, and brings to £433.7m, or 32.5 per cent, the total pay rises granted to the forces from April 1.

The Labour Government announced pay rises last month of 24.2 per cent, £322.2m, from April 1, made up of 9.5 per cent as a "second-stage" payment in the progressive move toward full comparability with civilian pay rates by April 1, 1980, and 14.7 per cent for inflation in the past year.

This still left the forces 8.3 per cent short of the full 32.5 per cent which the Armed Forces Pay Review Body said was necessary to give them full comparability.

Yesterday's Government statement made clear that it intends to maintain comparability with civilian rates from now on.

"Having thus fulfilled its undertaking by restoring the pay of Servicemen to the levels of their counterparts, it is the Government's intention to maintain it thereafter at these levels.

"One of the Government's first tasks must be to stop the damaging outflow of experienced and skilled officers and men from the armed forces."

The pay rises are aimed to achieve this and to ensure an improvement in recruiting, which has not gone well recently.

Mr. Francis Pym, the Secretary for Defence, earlier this week was given detailed briefings by the chiefs of the armed forces on their difficulties as a result of poor recruiting and loss of skilled personnel.

The rise is expected to be the first of a series of moves to strengthen the forces, especially in terms of conventional weapons, again implementing a Tory election pledge.

Expected any day is a long-awaited firm contract for a further batch of 150 Tornado multi-role combat aircraft, worth more than £1bn. The details of this were settled while the Labour Government was in office, but the contract was held up by the election.

With the new rates, a brigadier, who before April 1 earned £11,545, and since £14,274 a year, gets £15,251. A captain, £5,548 before April 1, £6,899 after, gets £7,250.

A private (Class Two) whose weekly pay before April 1 was £58.29, and after £73.35, gets £78.75.

● Mr. Fred Jarvis, general secretary of the National Union of Teachers, whose members are taking industrial action over pay, called on the Government "to uphold Mrs. Thatcher's declared commitment" to the Houghton Report pay principles of 1974 with the same speed with which it fulfilled its pledge to the police. It was announced yesterday that the police were to receive immediately the second stage of their 40 per cent pay award.

● Mrs. Thatcher promised doctors and dentists that the Government would pay increases outstanding from recommendations last year by an independent review body. These are more than 18 per cent.

Teachers to reconsider action, Page 13

Continued from Page 1

Thatcher

Finance Minister, held separate talks.

Earlier Mrs. Thatcher presided over a 90-minute Cabinet meeting called to discuss the contents of the Queen's Speech at the opening of Parliament on Tuesday; the length of the first session; and the date of the Budget.

Mr. Norman St. John Stevas, Leader of the Commons, will announce the Budget date next week. It is expected to be June 12.

The decision was confirmed yesterday to extend the first session until the autumn of 1980, which means that the Queen's Speech will contain a very full programme of legislation, including some action on trade union reform; denationalisation proposals; an education Bill; and a measure to make sale of council houses easier.

The references to trade union reform are likely to be in very general terms because of the need to hold lengthy consultations with the TUC and the Confederation of British Industry. But a Bill providing funds for secret union ballots is expected, and so is reform of the Employment Protection Act.

Inquiry on IRA secrets coup

BY OUR BELFAST CORRESPONDENT

THE MINISTRY of Defence yesterday ordered an urgent inquiry into how a highly sensitive intelligence report on Ulster fell into Provisional IRA hands.

A photo-copy of the report, along with two Defence Ministry memoranda, was shown to a Press Association reporter in Belfast.

Dated last December and classified secret, the Army intelligence assessment forecast an increase in activity by the Irish National Liberation Army, the group which claimed that it murdered Mr. Airey Neave, six weeks ago. The report also hinted at the possibility of an attack on a leading British politician.

The Press Association's account of the leak said that Defence Ministry officials had confirmed the document to be authentic and "incredibly sensitive."

The report is also said to have predicted that the IRA might acquire Soviet-designed anti-aircraft missiles and to have admitted that the terrorists were receiving weapons faster than the Army could recover them.

It suggested that no alternative to direct rule of Ulster offered any real prospect of political calm and declining support for the IRA before 1983.

Stewart Dalby adds: Mr. Jack Lynch, the Irish Prime Minister, had a brief meeting with Mrs. Margaret Thatcher in London yesterday. It was described as a courtesy call. It is understood that Mr. Lynch did not press his demands for a new British political initiative on Northern Ireland.

He will, however, seek a second more formal meeting with Mrs. Thatcher soon to discuss Ulster.

Clash over Marine Midland bank deal

BY STEWART FLEMING IN NEW YORK

GOVERNOR HUGH CAREY of New York and Miss Muriel Siebert, the State's banking superintendent, appear to be heading for a clash over the Hongkong and Shanghai Bank's controversial acquisition of Marine Midland, the 13th largest commercial bank in the U.S., which has assets of $12bn.

Mr. Carey is concerned at Miss Siebert's opposition to the deal, in which Hongkong and Shanghai has acquired 51 per cent of the New York bank.

Miss Siebert yesterday met top officials at the Hongkong and Shanghai Bank to explain her opposition. State officials of the governor's staff and banking department officials also met to try to defuse the situation.

Mr. Carey has made no public comment and is careful not to appear to put pressure on Miss Siebert. But he feels that New York needs the deal and if Miss Siebert bars the Hongkong bank from exercising full voting rights with the shares it plans to acquire in Marine, she must make a cast iron case.

Signs of confrontation came yesterday when Mr. John S. Dyson, State Commissioner for Commerce and a confidant of Governor Carey, was quoted as saying that Mr. Carey had dismissed other officials for "the virulent disease of regulationitis."

It remains to be seen whether Miss Siebert will push he views to the point where she has to resign. People who know her point out that she is wealthy, and might well feel that on an issue of this importance she should not back away.

The Federal Reserve Board in Washington has already approved the deal. But the state banking department can quote precedents where the two agencies have clashed on banking transactions—which have then been blocked.

Mr. Carey's apparent enthusiasm is puzzling. Another foreign bank in New York would make little impact—it already has 125 of them.

Far more important for its future as an international financial centre is the proposal before the Federal Reserve Board to create a free banking zone for international business.

The major banks have strongly pushed the Hongkong Bank deal, but senior bankers are unhappy about one of the city's largest banks being acquired by a foreign concern when state policy prevents them from completing such a deal.

Continued from Page 1

Markets

rencies, dropped by 0.3 points to 66.4. This represents a fall of 1.6 per cent in the last week.

Dealers report that this week's shake-out may partly be profit-taking after the spring rises in equities, gilts, and sterling.

In addition there have been clear reminders that the problems of the economy have not gone away and that Sir Geoffrey Howe, the new Chancellor, faces a difficult task in reconciling his desire to cut income tax with reductions in public sector borrowing and monetary growth.

Market sentiment yesterday was also affected by concern over the level of pay settlements and by speculation about the pound's participation in the European Monetary System. No early change in British policy on this issue is likely.

Economic statistics this week have highlighted the moderate acceleration in price inflation and have renewed concern about the rate of monetary growth

Old European parliament only fades away

BY GILES MERRITT

NO DRUM was heard as the outgoing European Parliament entered its final hours. No ceremonies of flag-lowering, hands playing or formal departure will be held today when the Euro-MPs leave for the last time.

The pomp that might have accompanied the close of the 21-year-old assembly is being kept for the July 17 installation in Strasbourg of the enlarged and elected Parliament, when its 410 members meet there after the June 7-10 polling.

However, Mr. Roy Jenkins, president of the European Commission, delivered a tribute to a handful of members who made up the plenary session on Wednesday morning. He said that he was reminded of England's Long Parliament—an unfortunate choice, perhaps, for it led to Oliver Cromwell's command: "In the name of God, gentlemen, go!"

Not that the old Parliament is going out as docilely as expected. Fewer than half of its 198 members were at the last session this week in Luxembourg, but a row over the assembly's budgetary powers began yesterday to enliven proceedings.

For the first three days after the Parliament opened on Monday, it concentrated on clearing its pending tray. More than 100 proposals by the Brussels Commission on largely technical regulations were pushed through. Indeed, the Parliamentarians set a new record—voting through legislation at twice the normal rate. That has understandably provoked questions about their usual work rate.

But yesterday a controversial issue—the Parliament's powers over EEC budget policy—was raised. For a while it seemed the assembly would extend its life by reconvening in early June.

The row is over the 1979 Community Budget, still in the EEC pip-line, and the Council of Ministers' act of slashing by a factor of 30 the Parliament's £100m proposed increases to it.

It is a symbolic and slightly artificial dispute, and one of the Euro-MPs behind it is Labour peer Lord Bruce of Donnington. He commented: "I want the people who are coming here to know how little power this place has."

Another row has also started over the Council's refusal to agree an extra £20m to finance additional costs of a directly-elected Parliament. This shows, it is thought, that unless it fights back hard the new Parliament will be kept on as short a financial and political rein as this one.

Weather

UK TODAY

RAIN IN most places,

London, S.E. and Cent. S. England, Channel Islands

Dry, cloudy, with bright, sunny intervals. Warm. Max. 16C (61F).

East Anglia, Midlands

Early rain, becoming dry with bright periods. Max. 15C (59F).

E., Cent. N. and N.E. England, Lakes, S.W. Scotland

Cloudy, early rain, becoming dry, rain later. Max. 13C (55F).

S.W. England, S. Wales

Cloudy, rain, fog patches, sunny intervals. Max. 15C (59F).

N. Wales, N.W. England, Isle of Man, Ulster

Cloudy, hill fog, rain. Max. 13C (55F).

Borders, S., Cent. and N. Scotland

Cloudy, rain day away. Max. 12C (54F).

● **Outlook:** Rain in North,

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	18	64	Locarno	S	22	72
Algiers	S	19	66	London	C	13	55
Amsdm.	F	11	52	Luxmbg.	F	9	48
Athens	S	25	77	Luxor	S	41	106
Bahrein	S	34	93	Madrid	S	22	72
Barclna.	F	19	66	Malorca	S	21	70
Beirut	S	24	75	Malaga	S	20	68
Belfast	R	8	46	Malta	R	13	55
Belgrd.	C	17	63	Mchstr.	R	9	48
Berlin	C	9	48	Melbne.	C	14	57
Biarritz	S	16	61	Mex. C.	C	21	69
Bmghm.	R	9	48	Milan	S	23	73
Blackp'l	R	9	48	M'ntreal	C	20	67
Bordx.	F	19	66	Moscow	F	22	72
Boulgn.	S	11	52	Munich	S	17	63
Bristol	R	10	50	Nairobi	R	24	74
Brussels	F	11	52	Naples	F	19	66
Budpst.	S	19	66	Nwcstl.	C	8	46
B. Aires	C	17	63	N. York	S	28	83
Cairo	S	34	94	Nice	S	21	70
Cardiff	R	9	48	Oporto	S	21	70
Cas'b'ca	S	20	68	Oslo	F	13	55
Cape T.	S	23	73	Paris	S	15	59
Chicago	S	25	77	Perth	C	19	66
Cologne	F	10	50	Prague	S	16	61
Cpnhgn.	S	9	48	Reykjvk.	S	4	39
Corfu	F	24	75	Rhodes	S	24	75
Dublin	R	9	48	Rio J'o	C	27	80
Dbrvnk.	C	20	68	Rome	F	19	66
Ednbgh.	F	13	55	Salzb'rg	S	20	68
Faro	S	21	70	Singapr.	C	30	86
Florence	F	23	73	Stckhm.	R	9	48
Frankf't	S	12	54	Strasb'g	F	18	64
Funchal	S	19	66	Sydney	S	19	66
Geneva	F	18	64	Tangier	S	22	72
Gibrltr.	F	20	68	Tehran	C	16	62
Glasgow	F	12	54	Tenerife	F	17	63
G'msey	C	8	46	Tel Aviv	S	23	73
Helsinki	F	15	59	Toronto	S	25	77
H. Kong	S	30	86	Tokyo	C	20	68
Innsbr'k	F	17	63	Tunis	F	20	68
Invrnss.	C	12	54	Valencia	S	21	70
Istanbul	S	21	70	Venice	S	20	68
Jersey	C	12	54	Vienna	S	18	64
Jo'burg	S	24	75	Warsaw	C	12	54
L. Plms.	S	21	70	Zurich	C	11	52
Lisbon	S	23	73				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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V G H